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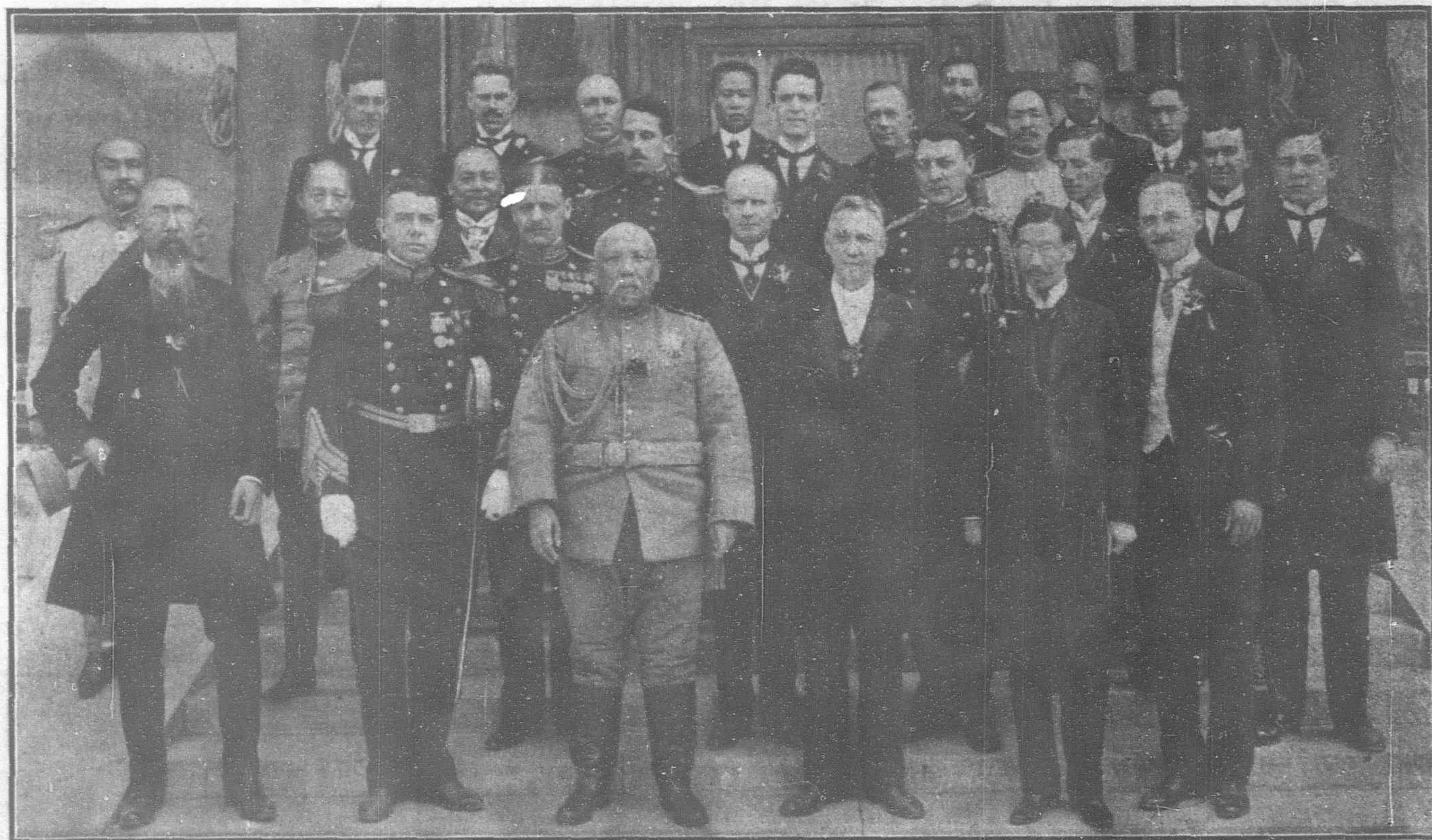
Russia in Mongolia

A Study of the Situation

China's Reorganisation Loan

History of the Negotiations

American Recognition of China



Those who took part in the historical proceedings at President Yuan Shih-kai's Palace when America accorded recognition to the Republic of China

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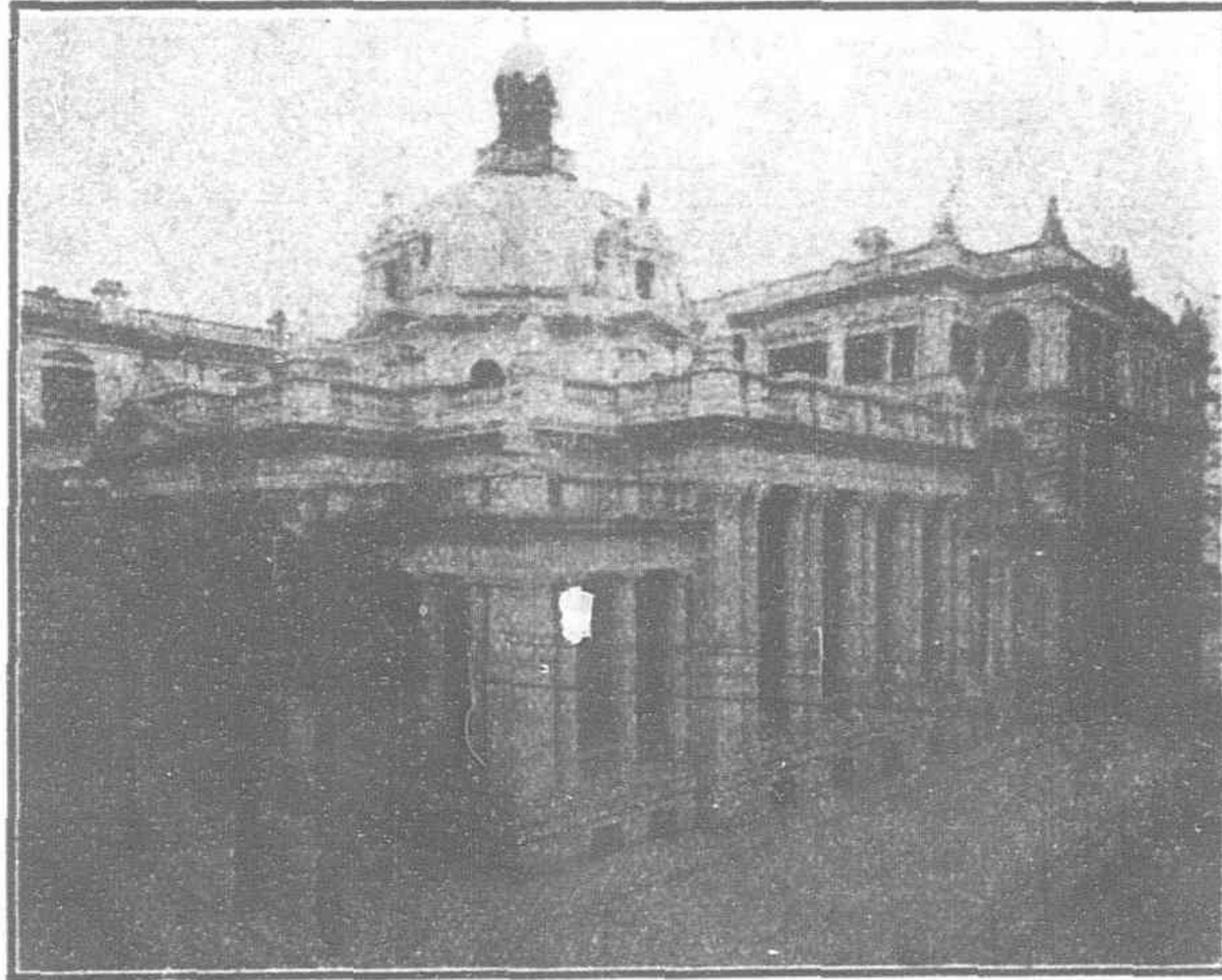
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THE FAR EASTERN REVIEW

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VOL. IX.

SHANGHAI AND MANILA, MAY 1913

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RUSSIA IN MONGOLIA

PRESENT CONDITIONS IN URGA

The decision of the Russian Government to construct a railway from Yerkne Udinsk—on the Siberian railway, east of Lake Baikal—to Kiakhta, on the Mongolian frontier, and the arrangements which are being made to continue that line to Urga, the capital of Mongolia, direct attention to the latter country and the movements which are now proceeding for its development.

Subject to whatever may be the fate of the Agreement between Russia and China now before the Chinese Parliament, Mongolia is practically at the moment a Russian protectorate. Russia has managed to win from the Hutukht'u an agreement which makes her paramount there, whilst China has apparently completely lost whatever dominances she enjoyed in the past. For many years Russia has been courting the Mongol leaders, and the revolution in China gave the long-desired opportunity to them to discard China and cast in their lot with their northern neighbor. This, as was illustrated in the FAR EASTERN REVIEW of September last (*q.v.*), gives Russia almost undisturbed facilities to bring into effect the Asiatic railway policy which she has long cherished, and of which the Yerkne

Udinsk-Kiakhta project is part. In the September issue a map showing this policy was published, and is worthy of reference by those interested in the changes that are likely to be manifested in this region in the near future.

For a very long time the Russian merchants living and trading at Yerkne-Udinsk, Kiakhta and Urga have agitated

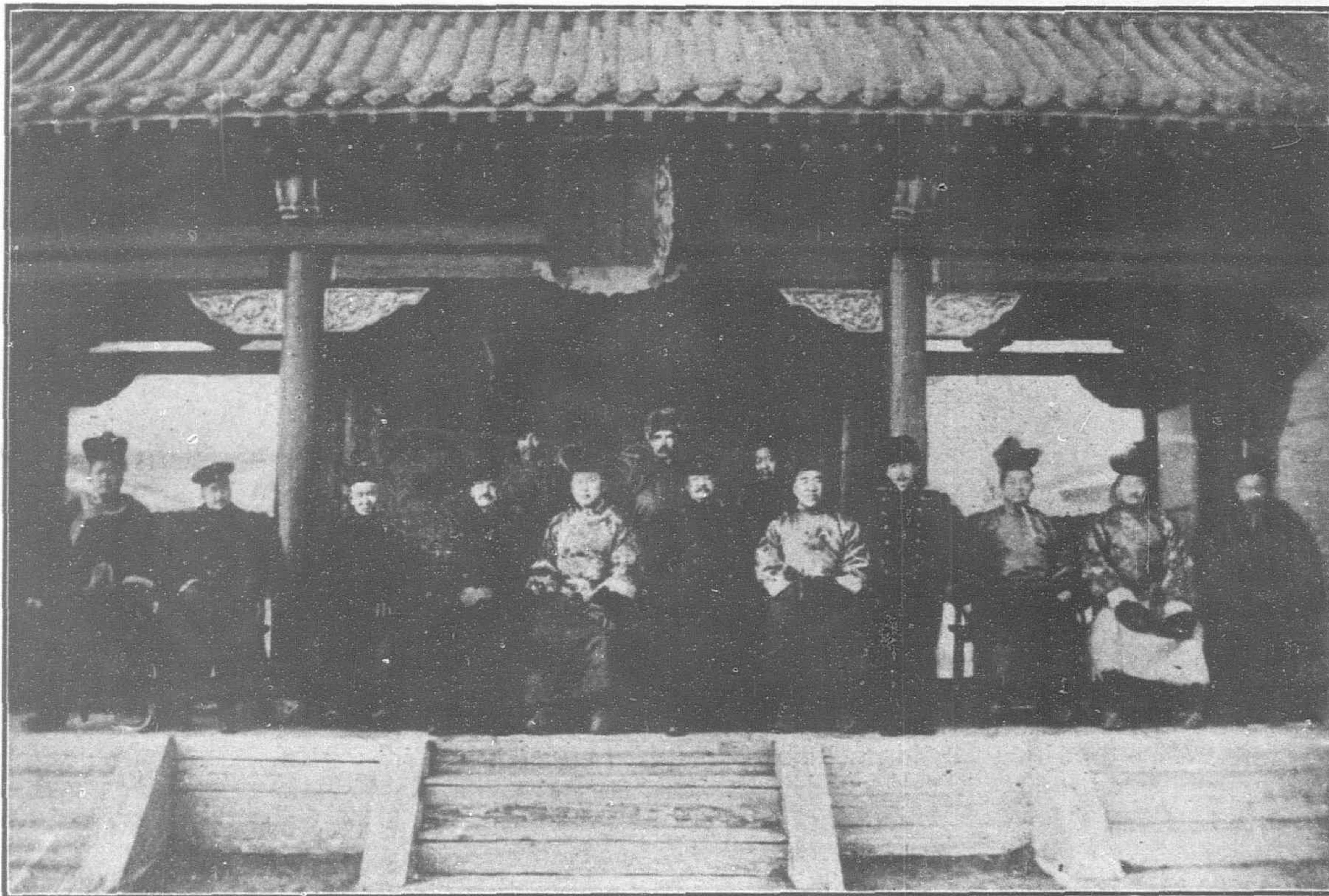
opposition being due on the one hand to the feeling that they would have to increase their military force in Trans-Baikalia, the time for which was not ripe and, on the other, that the Kalgan-Urga line should be commenced before any movement was made in the north. This, of course, was several years ago, but the recent political change in Mongolia removes whatever tem-

porary doubts the Russian military service entertained with regard to pushing a railway south from the Siberian line.

Whether a railway will be built between Kalgan and Urga will depend largely upon the pressure that may or may not be exerted by commercial people and those concerned in the development of the rich area between Kalgan and the Mongolian capital. In the past, the Chinese have contemplated a railway for military purposes, but this reason no longer exists.

The Mongolian Development Company,

which was formed some years ago under the patronage of Prince Kalachin, had among its objects the building of a line from Kalgan to Kiakhta and the establishment of a service of steamers on the upper waterways of the Yellow River, to be worked in conjunction with the Kalgan-Suiyuan Railway, to connect Pautoouchin



MONGOLIA.—Of the seated figures from left to right the third is the Mongolian Minister of the Interior, Baga da Lama; the fourth is the Russian Commissioner, M. Korostovetz, who went to Urga and fixed up the convention with the Mongols; seated next him is Sannoi Inkkan the Prime Minister; the next figure to the right is M. Luba, Russian Consul-General at Urga; on M. Luba's left is Hanta Chinwang, who was head of the Mission which went to St. Petersburg; two places further along is Dalki Wang, the Minister for War.

for railway connection. At one time, two routes were surveyed, one designed to bring Irkutsk in close touch with Kiakhta and the other the direct route now adopted between Yerkne-Udinsk and Kiakhta.

It seems to have been the Russian military authorities who held back the decision to construct this line before; their

and Ninghsia. The Development Company, though over a million Taels were subscribed for shares, has not yet managed to do anything to put these schemes into effect.

If a railway is built to connect Kalgan and Urga it will probably strike from the existing line at Kweihuacheng; the advantages claimed for this route being that railway construction along it would be comparatively easy and branches could be constructed with facility to the west and to Uliassutai. This route was surveyed by Chinese in 1910, and the route along the direct telegraph line which would be shorter and cheaper, was reported upon by Mr. C. D. Jameson in 1897. As far as Han-no-pa the latter route would have very heavy gradients, but after that there are no engineering difficulties to speak of. It would seem from reports that a railway crossing Mongolia from Kalgan to Urga, would be a success from a purely financial point of view, and this is what will determine the ultimate construction of a line.

CAUSES OF MONGOLIAN INDEPENDENCE

In order that the present situation may be understood it is necessary briefly to give a sketch of conditions which have contributed to the severance of the Mongols from allegiance to China. Whatever may be said of the attitude of Russia towards China in regard to Mongolia it must be admitted and remembered that the old régime in China treated the Mongols badly, particularly during the tenure of office of the Manchu Amban at Urga named Santo. He harassed the Mongols, desecrated their religion and seized the horses from the Sacred Mountain to use in the Chinese army. In all their dealings, the Chinese treated the Mongols as a low race. The traders imposed upon their simplicity and made use of and cheated them. These characteristics obtained right through the country, and in Urga the way the Chinese despised the Mongols was quite obvious to any observer. In the shops the merchants showed them scant courtesy and cheated them like children. On the other hand, the Russians were on more familiar terms with the Mongols and treated them better than the Chinese, who had nothing to do with them except to employ them as servants or as herdsmen.

The idea of the Chinese while Santo was Amban was to create a powerful military force at Urga itself, where a cadre was sent; some sixty-five officers being detailed to build barracks and recruit Mongol soldiers

with the object apparently of resisting a possible advance from Russia. It was the intention of China to garrison some 2,000 men at Urga by the end of 1911, and later to increase that number to 10,000, with garrisons of a lesser number at other cities like Kobdo and Tarbagatsi.

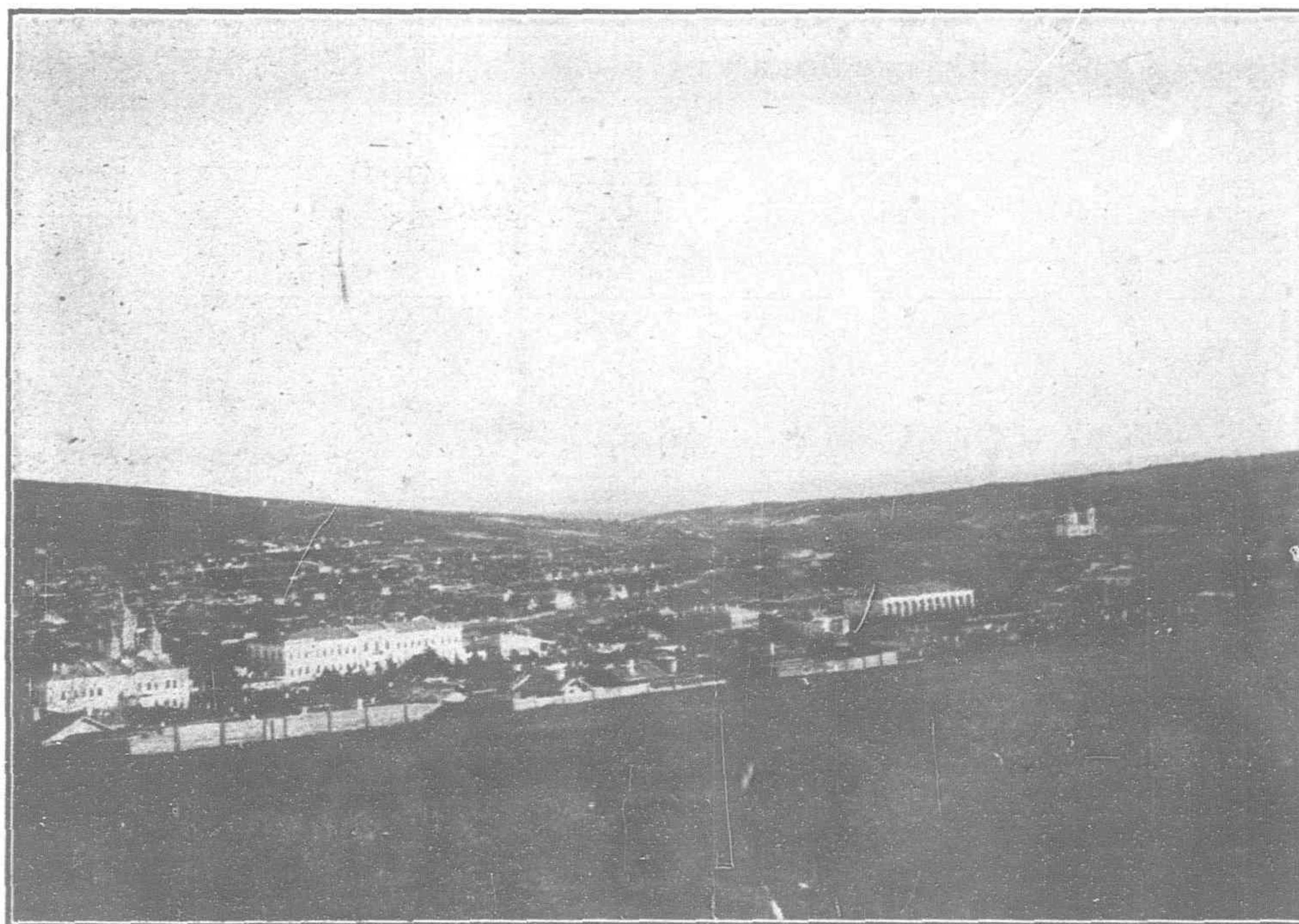
Barracks designed to accommodate 2,000 men were erected at Urga, but were never used for the purpose originally intended, the revolution which broke out in October of 1911 putting an end even to nominal control by China.

This military movement by the Chinese was watched carefully by both the Russians and the Mongols, and on the Russian Asiatic frontier conversation in 1911 was solely of war with China. Among the Russian officers stationed there vague ideas of China's rising power were entertained, talk continually being upon the establishment of a modern army and the expansion of railways. So far as the

notified Russia that as a section near Manchuria was to be considered as a province of China there could be no more free trade in that area as provided by the 1881 Treaty, and that duties henceforth would have to be levied as was the case with other provinces of China. In this lies the cause for the energetic measures on the part of Russia to prevent China from "colonizing" Mongolia.

According to the Treaty between Russia and China, signed in St. Petersburg on August 19, 1881, Russian subjects were authorised to carry on, as in the past, trade free of duties in Mongolia subject to China as well as in places and *aimaks* where there was a Chinese administration, and in those where there was none, in addition to towns and other localities in the provinces of Ili, of Tarbagatai, of Kashgar, of Urumchi and others situated on the northern and southern slopes of the Tien-shan (mountains) as far as the Great Wall. The regulations attached to

this Treaty which set out the routes and governed the trade, stipulated that "a trade by free exchange and free of duty (free trade) between Russian and Chinese subjects is authorised within a zone extending for fifty versts (100 li) on either side of the frontier." In course of time in connection with the development of treaty privileges Russian merchants had undoubtedly invested large capital, and had accumulated large interests, and the Russian Government was all the more desirous of seeing protection extended to its subjects when it observed the military efforts of the Urga Amban and failed to obtain a reply to its demands from the



MONGOLIA.—General View of Kiakhta

Chinese were concerned the force of some one hundred and thirty to one hundred and fifty thousand Russian soldiers distributed between Irkutsk, Yerkne Udinsk, Kiakhta, and Chita, together with the feverish duplication of the Siberian railway, and the old-time gradual advance of the Russian Central Asian frontier, were sufficient to cause them to foresee ultimate trouble with Russia over Mongolia, and this was accentuated by the repeatedly expressed desire of Russia to establish an undertaking with China not to colonise Mongolia, not to recruit Mongolian soldiers, and not to interfere in the administration of Mongolia. These points were insisted upon by Russia for one simple reason—a reason which puts the commencement of the "Mongolian Question" in a nutshell—and that is that the Manchu Government endeavored to create a new province in the east of Mongolia and

Peking Government.

To the failure of the Manchu Government to enter into negotiations with the Russian government must be attributed the ultimate instigation of the Mongols to break away from China and enter into independent treaties with Russia.

The 1881 Treaty provided that at the end of each ten years either party desiring revision could open negotiations with that object, but not till 1911 did China make a move to secure the elimination of the free trade zone, which she deemed objectionable. She then submitted proposals to the Russian Government, and negotiations were opened in St. Petersburg, the result being the presentation by Russia to China of a set of counter proposals. This was on October 25, 1911, but China made no further move in the matter, nor did she answer the proposals of Russia, though pressed to do so from time to time.

A year elapsed, and in October, 1912, a year after the Revolution broke out, Russia presented a note to China traversing the position and abolishing the free zone. But meantime the Mongols had declared their independence from China, had sent a mission to St. Petersburg, had elected their own Emperor, and were in active consultation with the Russian Commissioner, M. Korostevetz, former Russian Minister in Peking, with the idea of completing an agreement with Russia.

The mission which went to St. Petersburg on behalf of the Mongols was headed by the powerful Prince Hanta Chin-wang, who had been harried by Santo, and had really fled from the Chinese. They were received by the Russian Government with open arms, were laden with honors, were supplied with munitions of war, and what was more, succeeded in inducing the Russian Government to accord "independent" Mongolia recognition and support on November 3, 1912, M. Korostevetz signing on that day with the Hutukht'u, the Urga Agreement and Protocol which are reproduced elsewhere in this issue. These instruments secured to Russia the rights she had long desired, and even much more than she demanded of China originally. In addition the Mongols gained, as Russia thereby undertook to help them maintain their autonomy.

The Hutukht'u, who was crowned Emperor, is the third highest in the Lhamist hierarchy, the Dalai Lhama being the highest and the Tachi Lhama being the next; the two latter residing in Tibet. The Hutukht'u was born in the same year as the late Emperor Kuang-hsu, and, contrary to the laws and customs of Lhamism, has a wife and children. He is a man of feeble intellect and is physically almost blind, though some report that his eyesight improved after the erection of an expensive temple at Urga to propitiate the gods. He has been visited by many foreigners, and his acquaintance was made by Mr. C. W. Campbell, formerly Chinese Secretary to the British Legation at Peking, who was on a mission to Urga in 1902. Incidentally it may be mentioned that Mr. Campbell was accompanied by Mr. F. A. Larson (now the Adviser on Mongolian affairs to the Chinese Republic), who was then the Swedish agent of the British and Foreign Bible Society, and who possesses a greater knowledge of Mongolia lying between Urga, Kalgan and Hilar than any foreigner living. Mr. Campbell became very friendly with the Hutukht'u, and, it is stated, the latter desired to secure his service as Adviser after the Mongolian declaration of "independence." The Hutukht'u is a man of very extravagant tastes, and Russian merchants sell him modern novelties at an exorbitant price. In his foreign-styled house at Urga he is surrounded by such modern inventions as telephones, motors, etc.

This newest of Emperors is known in Mongolia now as the Bogdo Khan

(big Emperor). He has much influence amongst his fanatical followers, and, on account of his wealth, was able to command attention even in Peking. At first he was actually only Emperor of the four *aimaks* which form Khalkha, two eastern and two western, but observers now find that the allegiance of the two western *aimaks*, is, even at the present moment, very shadowy.

The Hanta Chin-wang, who is back in Urga from his mission to Russia, has sent out emissaries to induce other Mongolians to accord allegiance to the Bogdo Khan, and it is reported that they have been successful in securing that of Barga, the large territory of which Haila was formerly the chief town. The Ordos, too, are said to have recognised the Hutukht'u's authority and have expressed the desire to join Khalkha whilst the Silinhua League has also



MONGOLIA.—Bogda Khan, the Hutukht'u, who declared himself Emperor of Mongolia. He is of Tibetan origin and is about 45 years of age.

joined. This brings the sway of the Hutukht'u conterminous with the Russian sphere in Northern Manchuria, as far as the Khingan mountains.

To protect themselves against the threatened invasion of the Chinese army the Mongols have exerted themselves to recruit a substantial force, and in the drilling and equipment great assistance has been lent by Russia. Since the declaration of "independence" Russian officers, some forty-five in all, have been attached to the Mongolian forces in Urga to give them Western training, and throughout the country the troops are active in preparations to defend their independence. Rifles are plentiful and cheap, the discarded Berdan rifles of Russia selling for three roubles each.

Early in February some 4,600 soldiers were moved from Urga south-eastwards, by the Northern route, towards Kalgan,

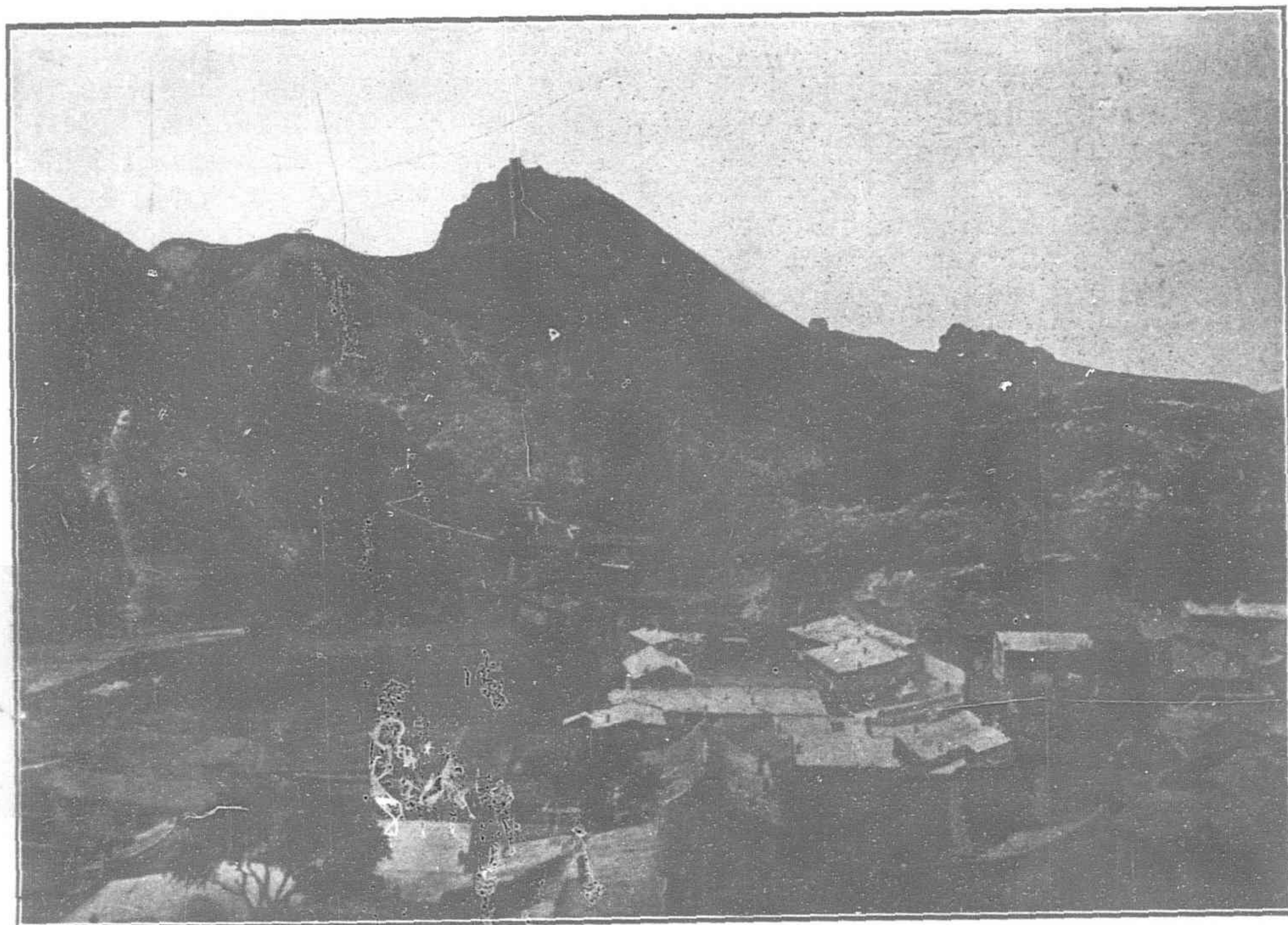
and by May they were stationed as far south as 300 miles from Kalgan. So far no serious collision has occurred between them and the Chinese forces, and the authorities in Peking fear that if a collision does occur and results in a victory for the Mongols it will be an incentive for Mongols in Inner Mongolia to join with the victors from Outer Mongolia. It would also have the effect of awakening large numbers of Mongols of the four *aimaks*, who, it is certain, are as yet ignorant of the fact that they are no longer Chinese subjects.

At a dinner party given by President Yuan Shih-kai at Peking in the beginning of February to some 120 Mongols, many of them important men, the President explained the change that had taken place in the relations between the country they represented and China. Mongolia was, he showed them, to be placed on an entirely different footing from that which obtained when the Manchus ruled; and, judging from what the Mongols then said, it is certain that had it been generally known what had been contemplated the Urga Protocol would not have been signed.

It is particularly unfortunate just at a time when the conditions of the Mongolians were to have been ameliorated, when autonomy was to have been granted, and when they were to have been admitted to an equality with other members of the Chinese race, (as shown by the "Rules for the Treatment of Mongolia" promulgated on August 19, 1912), that Russia should have stepped in and prevented such a consummation.

The position now is that China has not yet given her consent to the Urga Protocol, though she is being pressed by Russia to secure Parliamentary sanction to the Agreement between the Chinese Government and Russia which largely acknowledges the Urga Protocol.

The Mongolians themselves, however, are already beginning to have qualms as to the wisdom of their precipitate action in giving so much to Russia, and already a considerable number of Mongols of the four *aimaks* have come back to China, one Prince, Wu Tai, returning not long ago with 800 trained men. Even in Urga concern is publicly being shown, and so great was the trepidation about the middle of May that the Mongols held a conference to discuss the question. That conference decided that if they were to recognise the sovereignty of Russia their country would undoubtedly be engulfed and on the alternative if they were to recognise Chinese sovereignty the Republic would attempt resubjugation. It was therefore resolved to steer a middle course and maintain friendship with Russia so long as that Power did not transgress Mongolian interests. The Minister of the Interior and the Da-la-ma, who were at the conference, declared that having freed themselves from one yoke they must not fall under another, but must try by all means to obtain complete independence. This of course is what



MONGOLIA.—A View of Kalgan.

Russia professed to wish to aid Mongolia to do. The Hutukht'u seems to have resented open talk on this question, and at a conference of Ministers, over which he presided, he expressed indignation that they should quarrel about "insignificant questions," and thereby provoke the dissatisfaction of the Russian representative! This remark was made at a time when it was known that the newly appointed Russian Consul to Urga, M. Miller, was on his way to Mongolia conveying presents from the Czar of Russia to the Hutukht'u!

Perhaps the most interesting question is, What is Mongolia? The Russians in their Treaty speak of "Mongolia," but they have semi-officially announced in St. Petersburg that the Treaty was meant to cover Outer Mongolia only. According to geographies Mongolia is bounded on the north by the provinces of Trans-Baikalia, Irkutsk, Yenesei, and Tomsk; on the west by the provinces of Somipolatsinsk; on the south by Sinkiang, Kansu, Shensi, and Chihli, and on the east by Manchuria. The greatest length is given as 850 miles, and the distance from east to west as 1,500 miles. This territory is divided into Outer and Inner Mongolia, which in turn are divided into nine main divisions, with still further divisions supervised by small Mongol princes, the boundaries of which are well known to Mongols and travelers alike. The actual boundary between Mongolia and China is difficult to locate, the inhabitants themselves not seeming to know where China ends and Mongolia begins, though the actual line between the Chinese settlements and the Mongol country is clearly enough marked for cultivation ceases where the Chinese cease, for the Mongols do not cultivate. They are nomads who are experts in the management of herds and in certain kinds of transport. They locate themselves where the water and the grazing are

best, and shift their residences with their herds. There are, comparatively speaking, few towns and practically no villages in Mongolia, the chief towns being Urga, Uliassutai, Kobdo, Kuldja, Khiakta, and Tarbagatai, though the latter is of consequence only from a military point of view.

THE DOMINATION OF RUSSIA

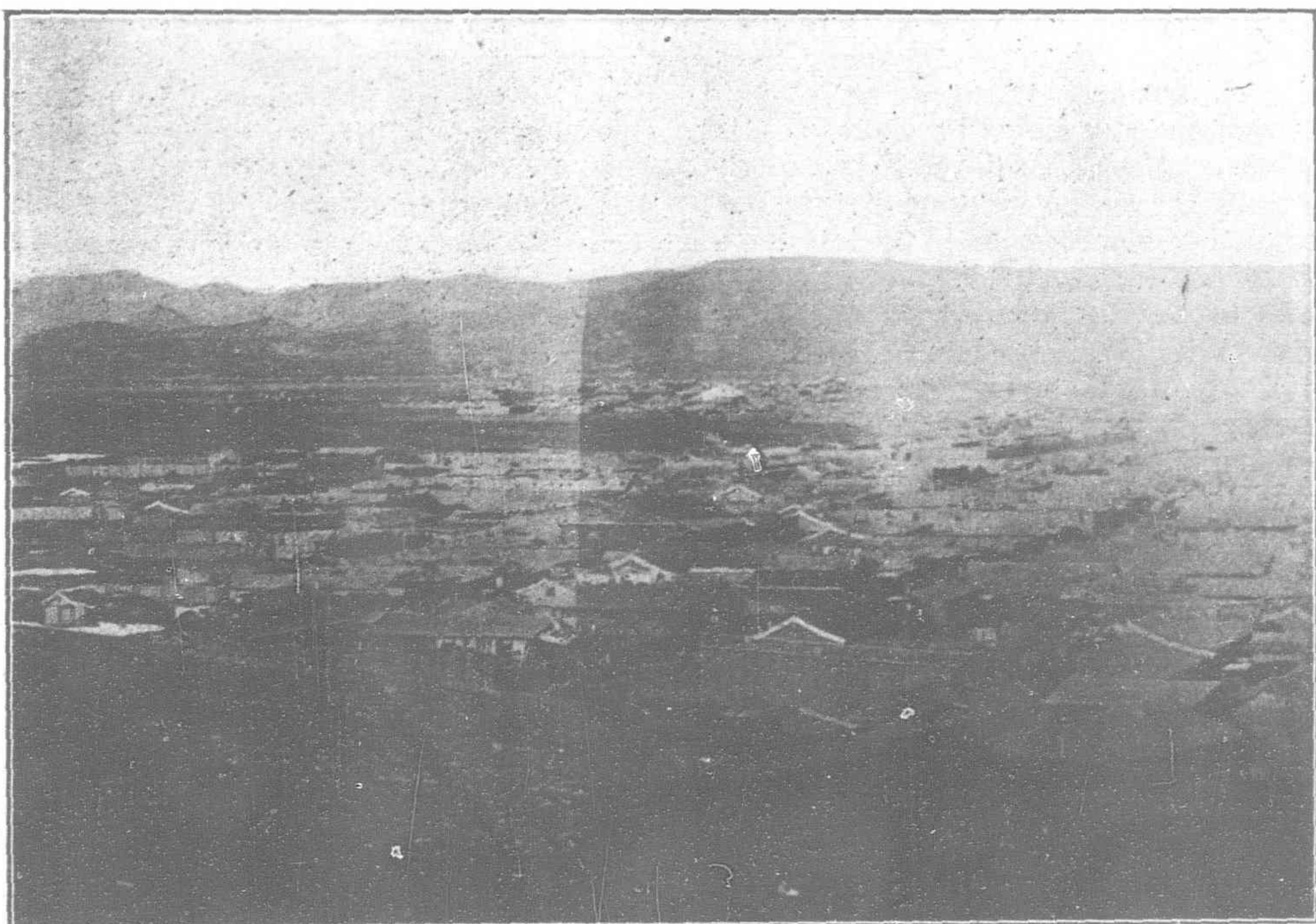
The whole road from Urga westwards through Uliassutai and Kobdo to the frontier past Chugutschak is virtually in Russian occupation. By treaty Russia has the right to station Consular guards at posts where she has Consuls, and she has the right to station Consuls in places where her trade permits it. She has thus a chain of Consular guards stretching from Urga westwards to Chugutschak, on the utmost

western frontier, south from there through Ili to Kashgar, and, what is more important, to Urumchi, the capital of Sinkiang, or, as it used to be called, the New Dominion, where the two roads from Chugutschak, Ili and Kashgar converge.

From Urga eastwards the road goes to the Barga territory, which is under Russian occupation. There are 10,000 Russian guards northwards, and a great Russian force at Kiakhta. The boundary, in fact, runs through that town, which is divided into Mongolian and Russian. Formerly there were 250 Chinese troops stationed on the south side and 6,000 Russians on the north, while the latter had a force of some 175,000 within easy striking distance, at Yerkne Udinsk.

Russia, by the new treaty, is compelled to support Mongolia, and when the Chinese airily talk of attacking the Mongols it means she would have to attack Russia also. How ineffective any move on the part of China would be is indicated by the fact that for her soldiers to reach Urga alone they would have to march 28 days across the Gobi desert, over which everything would have to be carried. From Urga to the Russian frontier, is only seven marches, and except in winter that region can be reached by steamers on the Selenga river which could transport large bodies of troops from the Siberian railway. In course of time, too, a railway will connect Kiakhta to Yerkne Udinsk, but in case of necessity it is claimed that the latter place possesses facilities in the shape of a subsidised ironworks which could, within a month, turn out sufficient rails to enable a light railway to be laid to Kiakhta. While China was thinking about it Russia, if she had the need to, could put two to three hundred thousand men in Urga.

China realises the futility of fighting for Mongolia under the circumstances, and, in response to alarming telegrams to Russia and Mongolia saying that she was



MONGOLIA.—General View of Urga.



MONGOLIA.—The man seated is Tok Tan (his title is Tai Chi), Commander-in-Chief of the Mongol troops. He was a notorious robber chief, and assisted the Russians in the war against Japan.

making vast military preparations for an advance into Mongolia, has made a statement that such is not the case. In fact she is withdrawing troops which were sent to Kalgan to protect the frontiers against Mongol raiders.

Present Conditions in Urga

So much interest is being centered for the moment in Mongolia that no excuse is needed for giving further details of conditions in the country, and in this regard we are fortunate in being able to reproduce information from a competent observer who was on a visit to Urga in March last.

This gentleman started for Urga from Yerkne Udinsk, and it is the result of his observations which we are able to present to readers. He travelled to Kiakhta in a Russian cart along the frozen bed of the Selanga River, covering the distance in from two to three days. At Kiakhta it was found that the Mongols had taken over the telegraph line between that city and Urga after the conclusion of the agreement with Russia, the telegraph office being managed by the Mongols with the assistance of Russian operators. The post office was, however, still in Chinese hands, and was the only Chinese Government institution that had not been interfered with by the Mongols.

At Mai Maichen, the Chinese commercial portion of the city of Kiakhta, the majority of the Chinese merchants

had closed their shops, and the place presented rather a deserted appearance. At the northern suburb of Kiakhta, Troitzecasavsk, a Russian Customs House handles the incoming and outgoing merchandise. No tax is charged on Russian goods entering Mongolia, or upon Mongolian native produce such as ponies, cattle, wool, skins, etc., though a heavy charge is made upon Mongolian goods such as silk, tea, and hand-made articles, and upon Chinese products, the charge being levied according to the Russian European tariff.

THE JOURNEY TO URGU.

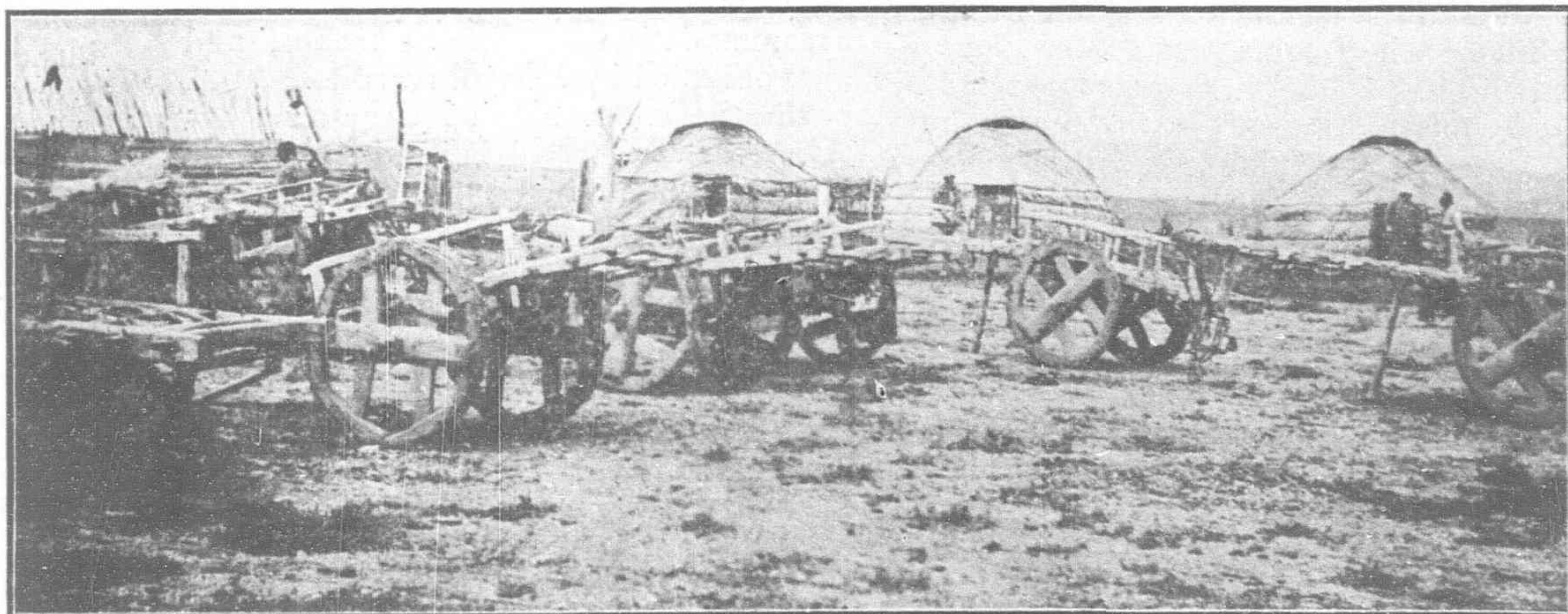
The journey from Kiakhta to Urga is divided into twelve stages. The first is made with three horses harnessed to a carriage, driven by a Russian driver. The remaining eleven are made in a

style peculiarly Mongolian. The horses are unharnessed and the Mongols attach a pole by ropes crossways to the shafts of the carriage. They then mount their ponies and two of them ride behind the pole, which rests against the chests of the ponies. Six or more Mongols, including women and children, mounted, and leading spare horses, accompany the traveller, and at frequent intervals relieve one another. In this manner the journey is covered at a gallop, up and down hills, across plains, prairies, boulders, rocks, snow and ice. Nothing comes amiss. It is a wild and nerve-racking experience. When descending an especially steep hill the carriage is taken down sideways, with Mongols on hand at either side to prevent it toppling over. Half way down Mongols, ponies, and carriage let themselves go, crashing, bumping, and jolting over everything. Such an experience might be gained riding into action seated on a gun carriage!

On arrival at the end of a stage an amount varying from three roubles upwards is paid, and upon producing the "huchao" (or permit) the traveller is handed over to the next stage. Three days and nights are thus occupied, sleep being had in the Mongolian tents, or "yourts," made of felt and woodwork—most primitive and uncomfortable shelters in the cold months.

THE FEATURES OF URGU.

On approaching Urga from Kiakhta on the north-west side one passes the native Mongol city of Kurin, the most striking feature of which is the temple enclosing the gigantic Buddha nearly 1,000 feet high, made of brass brought from Dolonor, and inlaid with precious stones. The temple was commenced about four years ago when the Hutukhtu was suffering from very bad eyesight, and was



MONGOLIA.—Mongolian Bullock Carts with yourts (tents) in background.

built to propitiate the gods in order that they would be pleased to restore his sight. It has only been completed lately, and thrown open to the public. And the Hutuktu's eyesight, though still very weak, has recovered!

In Kurin are situated the "Gands," or University buildings, which are surrounded by monasteries giving accommodation to 10,000 professors, priests, and scholars. The education that is provided is chiefly from the books of Buddha, and is conducted very largely by men who have graduated at Lhasa, the Tibetan language being used.

The procedure of examination is extremely curious. The candidates, who must have attained the age of fifty years, sit in the middle of the hall, wearing yellow caps and gowns. They are then cross-examined by their fellow-students, who approach them up a centre aisle, shouting questions at them, clapping their hands, and gesticulating wildly within a few feet of the faces of the candidates. Curious questions are asked and debated. One question, for instance, is: "Does the mountain called Butung Burn, mentioned in the book of Buddha, rest in the ocean or on the ocean?" Another is: "What is the difference between a man sitting on a tree and a man standing on the ground?" The examiners sit behind the candidates and record the questions and answers in bulky looking books.

These ten thousand men are not allowed to marry, and have to devote their whole lives to this kind of learning. The idea of the Chinese was to turn them all into soldiers, a more sound and wholesome occupation than their present existence.

After leaving Kurin the traveller sees in the distance on the south side of the city, under the sacred mount of Gobdo, the palace of the Hutuktu. The gentleman who made the journey describes him as a very pleasant man, who introduced him to his family, among whom was the ten-year son, Prince Sed Sen-han, whose estate is one of the largest in Mongolia, and is being administered for him while he is receiving his spiritual education from his spiritual father in Urga.

In a temple nearby is the mummy of the Lhama who was the spiritual adviser to the 7th Hutuktu (the reigning one being the 8th.) The Lhama was a very pious man, and so his body was embalmed and gilded whilst in his chair—as is done with Buddhas—in the temple in which he lived and died, his cap and gown being on a chair close by. The gruesome relic is much worshipped by the people.

In a northerly direction is the temple where the Hutuktu gives his official blessings to pilgrims, undertakings, etc. Here is the Court in which he was recently crowned temporal ruler. The three thrones are kept just as they were when the coronation took place. They were then occupied by the Hutuktu, his wife—a good looking woman who speaks a little Chinese—and his eldest son, who was crowned as his successor.

Proceeding eastwards the Margot Customs House is passed, and further on the so-called Russian Concession is reached. Still further on is the Mongol prison, surrounded by three spiked pallisades. It is a relic of barbarous times which ought to be suppressed without delay. Prisoners condemned for whatever fault soever, and in some cases when waiting for trial, are placed in a crouched up position in a wooden coffin from which their heads and arms can alone protrude. These coffins are placed in a dark prison, half underground, and the miserable inmates are kept there without being released until their sentences are served or death intervenes. The sanitary conditions that must prevail beggar description.

Next door to this prison is the hospital, and about a mile beyond is the Russian Consulate-General with church, cemetery, and attendant buildings.



MONGOLIA.—A Grand Lhama of Mongolia.

About two miles to the south-east on the road to Kalgan and the Gobi desert is the Chinese city of Mai Maichen. To the north-east of this city, and five miles from the Consulate, is the Cossack camp, adjacent to the buildings erected for the accommodation of Chinese troops, and now occupied by Mongol recruits.

On the south side of Urga stretches the river Tola, and beyond this is the sacred mountain of Gobdo. This mountain embraces a dense forest in which all animals and birds are sacred. Bears, wolves, leopards, wild cats, foxes and deer are said to swarm at will, a strict law being enforced against killing them. The mountain is wild and difficult to climb, and the journey is rarely undertaken by Russian residents in Urga, even when the paths are not obscured by snow.

THE CHINESE IN URGA.

There are upwards of 10,000 Chinese scattered about Urga, some living in

Kurin, others in Mai Maichen. They are not interfered with, and are allowed to carry on their usual avocations.

The Chinese Post Office is in Kurin, and although attempts have been made by the Mongols to suppress it, it does a good business. Courier services are maintained with Kalgan in the south and Kiakhta in the north, Mongols being employed as carriers. It is interesting to note that two clerks who had been sent six months previously from Manchuria were not allowed by the Mongols to remain in the city, because they had no queues.

The Chinese Telegraph Office was taken over by the Mongols after the signing of the agreement with Russia in November, 1912, the Chinese employees being superseded by Mongols, assisted by Russian operators. A branch of what used to be styled the "Ta Ching Bank" exists in Mai Maichen. This bank was started with a private capital of Taels 2,000,000, of which it has lent the Mongols about \$700,000. This debt is still outstanding, and, at the time of the declaration of independence, the Mongols wished to close the bank and so cancel their debt. The Russians, however, pointed out that such an action would not be allowed. Paper notes, for use only in Mongolia, were issued when the bank commenced business. They have fluctuated much in value since the separation, and have reached as low a value as ten cents for a paper dollar. At the present moment, the Mongol Government has given orders that the Customs House is to accept the notes at a third of their value, viz. about 40 cents per dollar.

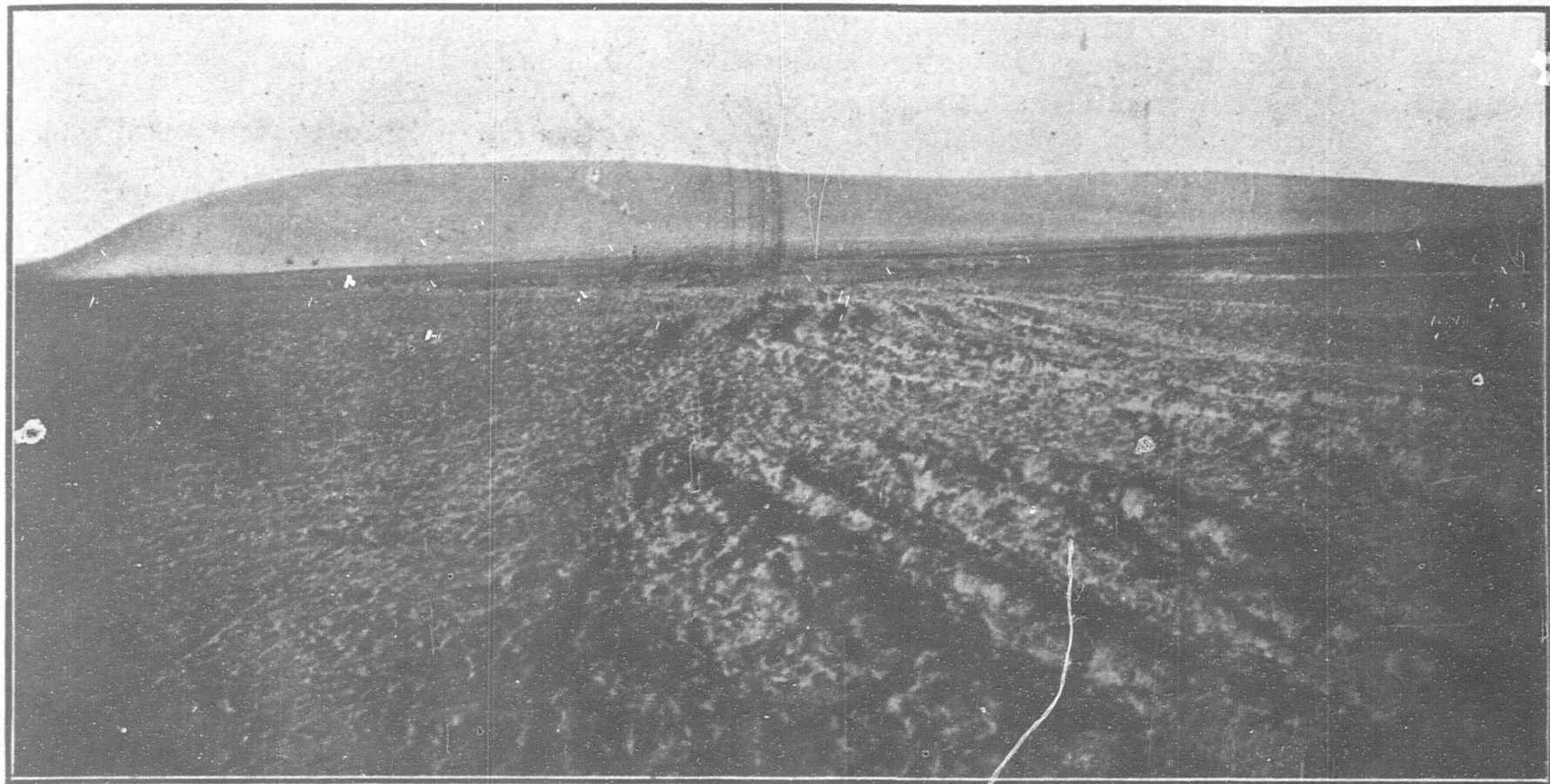
The Chinese troops, who, to the number of 250, were formerly quartered at Urga, surrendered after the separation to the Mongols, and handed over their arms of their own free will. This cowardly behaviour was largely due to the weak conduct of the Amban Santo, who without attempting to make any resistance, fled to the Russian Consulate and begged for protection. He and his men were subsequently deported to China, via Kiakhta, and were thus ousted without any blood being shed.

The Chinese merchants at Urga, as in every other part of the world where they trade, being content with small profits, continue to do good sound honest business, and need not fear competition from the Russians, whose main idea is to get rich as quickly as possible by charging the Mongols excessive prices. Chinese cooks and house boys are to be found in employment, the Hutuktu and Toch-to-he-gun the commander of his guard, having Chinese cooks.

THE RUSSIANS IN URGA.

Amongst improvements introduced at Urga by the Russians is a hospital which is maintained by the Government. The staff consists of a doctor and Buriat assistants. Chinese and Mongols are admitted free of charge.

A telephone has lately been installed between the Russian Camp and the Con-



MONGOLIA.—The Gobi Desert.

sulate. The Officer in charge wished to extend it to Kurin, but objections were raised by the Mongols that it would interfere with their religious processions!

A monthly newspaper, printed in special Mongolian type, under the supervision of Russian printers, has also been established. The first number was issued during March and contained articles on general subjects, education and politics, and had no attacks on China.

A school was instituted for the sons of Mongols. The Russian and Mongolian languages are taught. The headmaster is a Buriat named Tam Sorano, who graduated at St. Petersburg University, and is supported by trained Mongol assistants. The school was started with much difficulty about a year ago. There are at present about 12 pupils. The Russian Government have granted a subsidy and are now building suitable premises.

As has been mentioned there are about 1,000 Russians in Urga, the majority of whom are merchants, whose main idea is to accumulate money as quickly as possible at the expense of the Mongols. As an instance of this, after the Hutukht'u had been crowned, he wished that all his subjects should see his photograph. Accordingly arrangements were made for several thousand copies of his photograph to be printed in Moscow. The actual cost to the merchant who undertook the contract was 15 kopecks per copy, whereas the sum charged to the Hutukht'u was one rouble. A Russian merchant in lamenting his lot at Urga is said to have stated that he must console himself for only making 20% on his business with the Mongols by considering himself patriotic. If 20% is the limit, what must the maximum profit be?

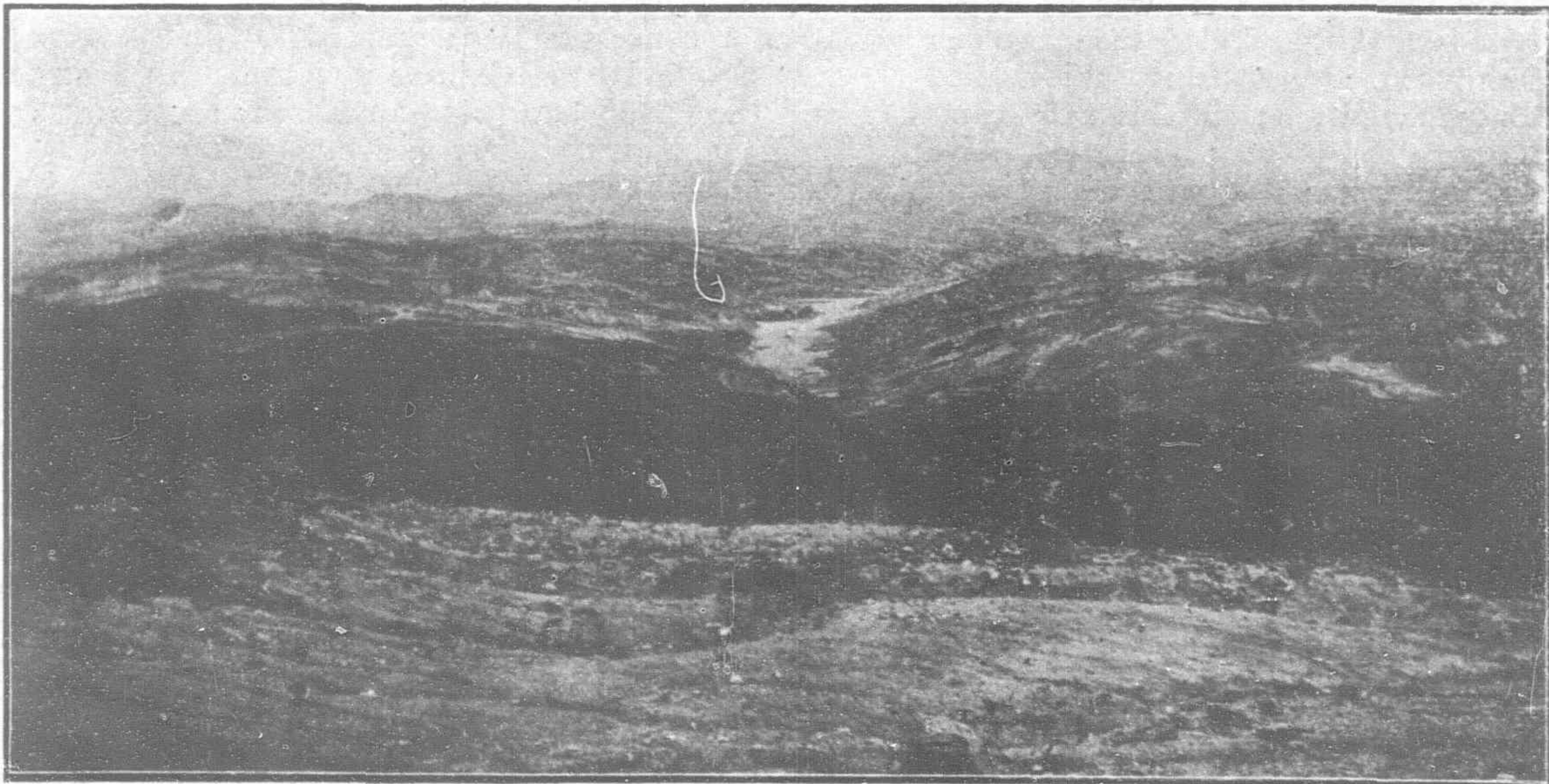
The Mongols tax all Chinese goods 5% in order to obtain revenue.

MILITARY MATTERS IN MONGOLIA.

The Mongols are said to maintain about 200 troops between Urga and Kiakhta, but unless the men who supply stages are termed soldiers, there is no evidence of their existence.

At Urga, there is a Chief Russian Instructor, assisted by sub-instructors. They have already drilled and equipped 600 Mongol troops, who are distributed at various places in southern and western Mongolia.

At the present moment, there are 200 recruits being drilled. They are armed with the old style Russian rifles and long cavalry sabres, and their appearance is slovenly in the extreme. They wear no uniform and drill in their native boots. They are, however, good shots, and, of course, excellent riders, and will probably make good scouts. Trained soldiers, in the accepted sense of the term, they will never become.



MONGOLIA.—Near the Gobi Desert.

To the credit of their instructors, be it said, they carried out various evolutions, rifle exercise, sword practice, company drill, etc., with zeal and alacrity. They are housed in the old Chinese barracks adjacent to the Russian camp. Besides these men, the Hutukht'u has a bodyguard of 200 mounted men, under the command of a celebrated Toch-to-he-gun, to whom reference is made later.

The Russian military force now at Urga, consists of approximately 300 Cossacks from Yerkne Udinsk, with two machine guns and a portion of a battery of artillery with two guns. A small force of 300 men has been recently sent to Uliassutai and 50 to Kobdo.

It is rumored that reinforcements will shortly proceed from Troitzecasavsk to Urga and Uliassutai respectively. The report that the Russians have induced Barga (the district of which Hailar is the centre) to join the Mongols, is not true.

PROMINENT PERSONALITIES AT URG.

The Hutukht'u: Jab-Sun-Dam-Bar, or Bogdo, or Edsenhan. A man of about forty years old, who has weak eyes and wears blue spectacles. His wife, of about the same age, possesses great power, and influences him in no small degree.

The Mongolian Cabinet.—

President—Prince Sain Noin: An intelligent man who is the mainstay of the Cabinet. He joined the Cabinet in July, 1912, and succeeded Da-la-ma.

Minister of the Interior: Da-la-ma. Chief Lhama of the Monastery; an honest man; one of the deputies sent to St. Petersburg to ask for assistance in 1911.

Minister of War: Da-la I-van (van signifies Prince). A synologue very much

interested in the arts; without any military influence or importance; employed as Minister because he was one of the first Princes to advocate separation from China.

Minister of Finance: Tu-shih-t'u-van: Honest but has little or no influence.

Minister of Justice: Nam-sarai-kung: A boon companion of the Hutukht'u, with whom he has much influence; possessor of hereditary property on the Russian frontier near Lake Baikal.

Minister of Foreign Affairs: Hanta Ch'in Wan: Leader of the deputation sent to Russia in 1911. Very pro-Russian; now Ambassador to St. Petersburg, and recently decorated with the order of St. Anne.

Minister of Shabeen: Shan-tzot-ba. Opposed the declaration of independence and the agreement with Russia; was deposed and sent into exile by the Hutukht'u; since returned. His post is a sinecure, and he has no influence. Under the Chinese régime was Minister of Finance.

N.B. The Shabeen are 150,000 Mongols who pay personal tribute to the Hutukht'u.

All Ministers are supported by under-Ministers who are, for the most part, southern and eastern Mongolians, and not Halkar or outer Mongolians. The under-Ministers possess brains and intelligence, and the Ministers are inclined to be jealous of their influence.

Perhaps the most influential of them is *Prince Dam Din Surung*, Assistant Minister of Foreign Affairs, who was military commander of the Mongols at Kobdo when the Chinese troops were turned out in August, 1912. He is enterprising and has initiative and comes from Barga, in Eastern Mongolia.

Udai, Prince of Genin: His principality is on the northern border of Manchuria, north of Toanan-fu. He was expelled by Chinese troops, who, it was currently reported at Urga, killed men, women and children. Most of his subjects fled to Barga, whilst he and his wife came to Urga. He is now in receipt of a pension and has the post of assistant Minister of Justice. He has protested so far without avail, against the barbarous prison system in vogue.

Hai Sun Gun: Another Assistant Minister; belongs to the party of Da-lama; formerly had much influence; was one of the deputies sent to St. Petersburg in 1911.

Toch-To-He-gun: Chief of the body-guard of the Hutukht'u, which consists of 200 men who have followed his fortunes from Southern Mongolia. He has had a varied career and is famous as a robber chief. He is said to have been driven to pillaging owing to the persecution he has received at the hands of the Chinese; was eventually allowed by the

Chinese to settle in Trans-Baikalia, and was on the point of becoming a naturalised Russian when Mongolia declared independence. He therefore hastened to Urga to offer his sword and his service to the Hutukht'u; has nothing officially to do with the Mongolian army now being trained by the Russians.

Mr. Muskutin: Was a member of the Russo-Asiatic Bank when that institution opened at Urga in 1906; is a good Mongol scholar; helped various princes with loans, and through no fault of his, the bank lost about 400,000 taels, through false chops being impressed on receipts; the Bank was then closed; he was a councillor to the Mongolian government when independence was declared; is now in Russia, having a concession from the Mongol government to raise funds in order to start another bank at Urga; was formerly a correspondent of the *Novoe Vremya*; the present correspondent is Mr. Griarsz-Novken, who is also chief of the Russian

ly Chinese, who are still retained. The mining company has the finest building in Urga. It was built by a Swedish engineer employed by Mr. van Grotte, and is fitted out very comfortably, even having a billiard table. It is in direct contrast with the Russian Consulate, which is a poor and old-fashioned building, not in keeping with the importance of the post.

Besides numerous Russian merchants, the British American Tobacco Company is represented by Mr. Marnan; and a brewery has lately been established by Mr. Bruno Hinrich, an Austrian.

GENERAL REMARKS.

The condition of Mongolia in general, and Urga in particular, at the present time is crying for reform. The people are primitive and mediæval, and under Chinese rule were left to themselves, and so have never progressed in civilization.

Mr. Korostovetz does not claim that Russia will be able to work a miracle and turn such a people into civilized beings all at once, but since the conclusion of the treaty he has been doing all in his power at Urga to bring the Ministers and higher officials to realise the true condition of their country. In particular he has instanced the hideous condition of their prison system, and the almost ludicrous ideals set up as their University standard.

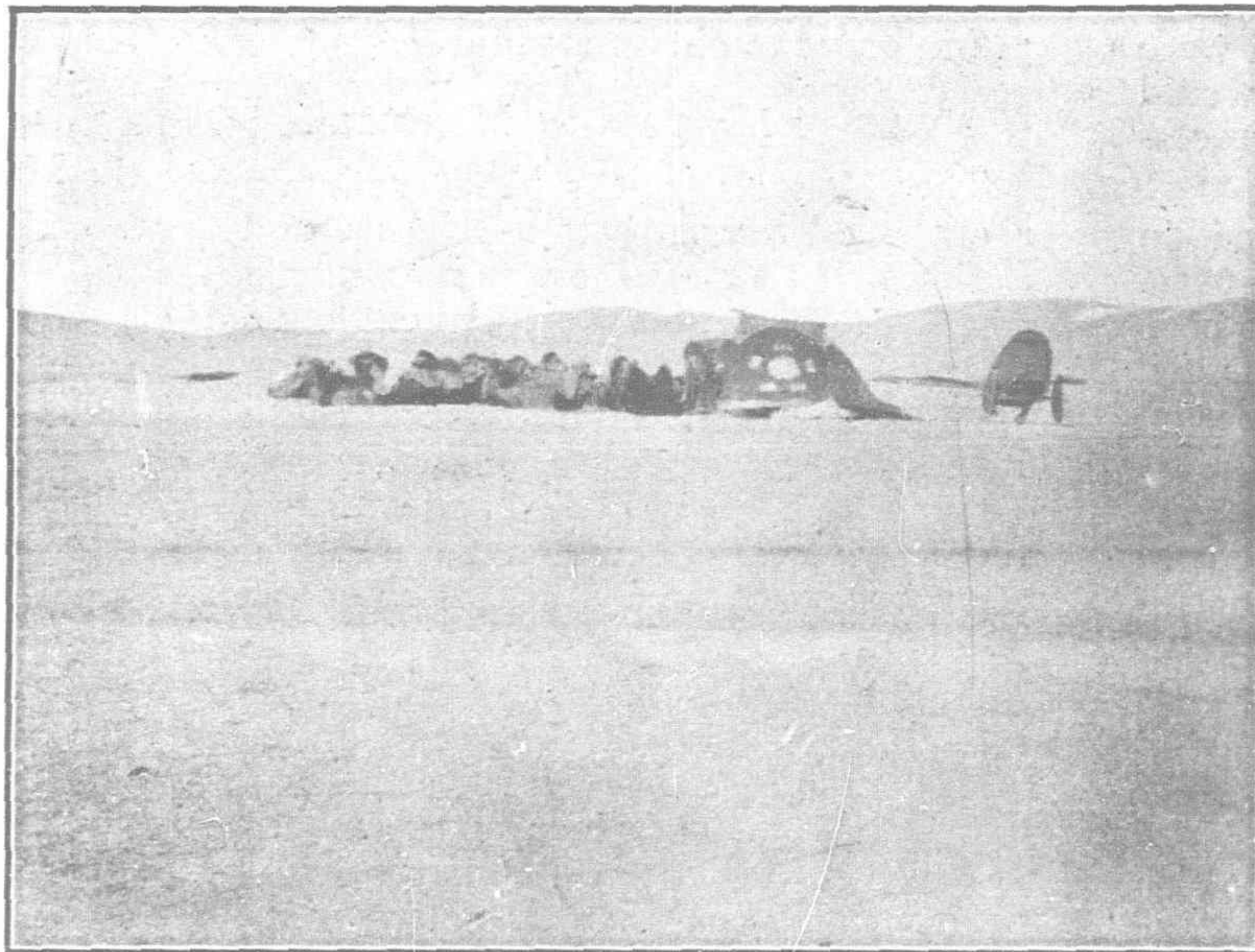
One hears of old and sick people, no longer able to work, being turned out of their yourts (tents) and left on the hillsides to die, or be eaten alive by the dogs, which can be seen even in Urga itself, devouring corpses.

It is stated that in December, 1912, the Buriat Dordjiev arrived on a mission from Lhasa, and succeeded in making an arrangement with the Hutukht'u whereby the Mongols recognised the independence of Tibet, and *vice versa*. He also endeavored to enlist Russian assistance with the view to the creation of a joint Anglo-Russian protectorate over Tibet. He is now in St. Petersburg.

In conclusion it is obvious that Russia is very much in earnest in her desire to assist the Mongols in every possible manner, and if China persists in her policy of endeavoring to win back Mongolia by force of arms, there can be only one result, viz., friction, and possibly conflict with Russia.

From Kalgan To Urga.

That extensive portion of Mongolia lying between Kalgan and Urga is generally believed to be nothing but a desert. Until recent years, it was believed that the crossing of this desert was to face almost insurmountable difficulties. As a matter of fact to call this country a desert is a



MONGOLIA—A Caravan at Rest.

Printing Office, and a lay reader in the Russian Orthodox Church.

The Mongolor Mining Company: In 1896 a concession was granted to Mr. van Grotte by the Chinese government and the Mongolian princes Sed-sen-han and Tu-shih-tu. After the declaration of Mongolian independence Mr. van Grotte resigned his interest in the company and left Mongolia. The management is now in the hands of a new director, Mr. Pokrofsky, with Mr. Dambrofsky as sub-director, who was sent from St. Petersburg. He made a new agreement with the Central Mongolian Government for, it is said, twenty years; the conditions hitherto obtaining have been renewed and the dividends distributed among the shareholders, mostly Russians, the Mongolian Government receiving 16½%. The mine is situated on the Ero river, about 100 versts north of Urga, and continues to turn out much gold; the workmen employed by Mr. van Grotte were most-

misnomer. It is, in some parts, sandy, dry and arid, but practically on the whole route there is food for stock.

The Mongolians have called it the Gobi. (gobi meaning desert), but in comparison with the Sahara and other deserts, it is almost a garden. Travellers can cross without practically any difficulty except that they have to carry stores. Water is abundant most of the way, wells being frequent, and only on one or two marches must water be carried. It is probably due to the laziness of Mongols that there are not more wells en route, but as it is there are wells every ten miles or less, except at two places where water must be carried for 24 hours. In addition to the wells, ponds formed by snow or rain are to be found all along the road. These are used by Mongols for watering their flocks. As has now become generally known, Mongolia is famous for its tremendous grazing areas, and flocks can be fed and sustained on country thousands of miles in extent. In fact, the Mongols have so adapted themselves to take advantage of the natural supply in the nature of grazing that they deal with horses and cattle to the exclusion of cultivation. The character of the country in this respect and the climate have combined to make the Mongol a nomad. Of the climate of the Gobi it may be said that it is one of great extremes. After rain or with a north wind, the cold is extreme, even in June, and one day fur coats may be necessary even in the middle of the day, walking or riding. On the other hand, the next day may be excessively hot in the middle of the day; but the night would be cold. At Urga the mean temperature is said to be about 42° F. The coldest month is January when the thermometer is at zero and the warmest month is July with a temperature at 82°. The climate, further north toward Kiakhta is pleasanter, and, in July, superb.

There are very few towns or villages in the country, because the Mongol folds his yurt whenever he is prompted to do so and pushes off to some other area where grazing is better for his flocks or the tempera-

ture is more congenial for himself. Occasionally a collection of Mongol yurts is met with, and that is the nearest approach to a village. Whilst such a village may be encountered at one place one day, it is likely to be in course of very short time somewhere else far removed.

The road from Kalgan to Urga practically

be comfortably covered in 25 days.

THE ROADS FROM KALGAN.

There are three great roads leading from Kalgan into and across Mongolia, with their various branches.

The best known is the *Chinese Government Relay Road*, which runs to the west and then across the Gobi. This road is joined after a few hundred li by a road running from Kuei-hua-cheng, and, at Sairussu, sends a branch to Uliassutai, Kobdo, and to the west. The main road moves on to Urga, and was the one used by the Chinese officials.

The next road is the *Caravan, or Telegraph Road*. This road is little used by passengers, and is the chief and most direct route for

commerce. In this direction the postal carriers travel, but the line they take does not actually follow the road, but runs across country varying according to the positions of the troops of horses from which couriers obtain their changes of horses, which again vary according to the state of grazing. The Chinese Imperial and the Russian Post both use this line. The road itself also varies considerably, the carters and camel drivers idiosyncrasies, the season of the year, water, etc., all combining to alter it. It is used by the camel caravans, the horse traffic (both cart and saddle), the donkey transport, the tramps, and sometimes the ox carts, when grass is good.

The third main road runs to the East and takes a great curve, returning again to the North-west until it cuts the Telegraph Road some 25 miles from Urga, and, combining, they run over the Tola river into Urga.

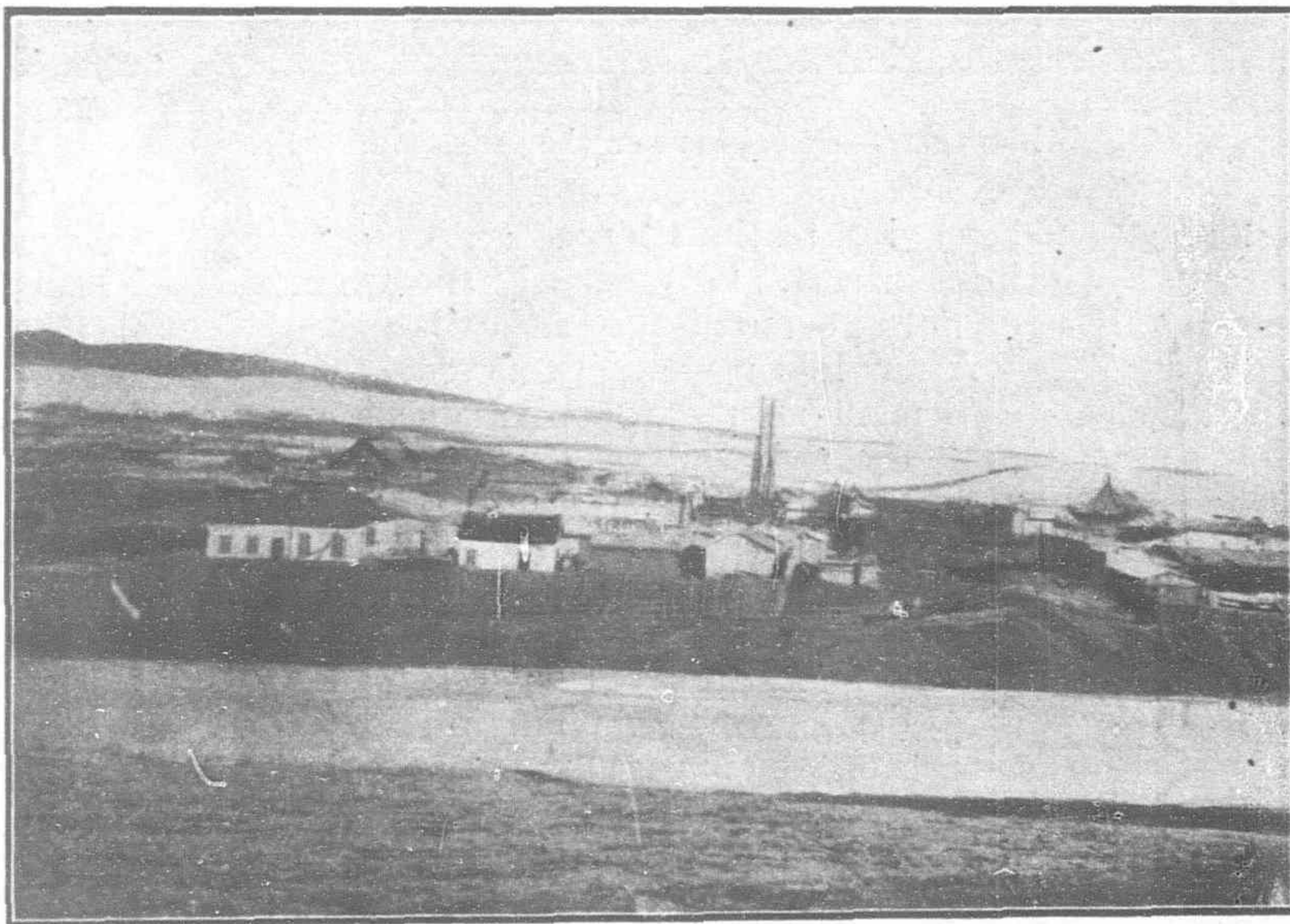
This road is used almost exclusively by ox-carts. It is chosen owing to its flatness, and therefore easier going, which enables the oxen to travel by night and feed by day. It also varies according to the season of the year, as the grass is good or otherwise.

From Urga north to Kiakhta there are only two definite roads, one running practically due north, the shortest, which is the Relay Road, used by ox-carts, camel



MONGOLIA.—Mongolian Cavalry drawn up outside Urga, awaiting the arrival of the newly proclaimed Emperor, who rode through the lines.

keeps to the telegraph line though it deviates occasionally one or two miles to either side. The names of the localities seen on the maps do not necessarily designate any human habitation. They may represent families living far apart or they may be due to some incident which happened at the spot. The names are well known to the Mongols,



MONGOLIA.—General view of Kiakhta (Mai Maicheng) Commercial Town.

are well located, and useful in determining distances, which are usually calculated from a well in one district to a well in another. The only permanent places, so far as inhabitants go, are the three temples and three telegraph stations passed en route.

The journey from Kalgan to Urga may

caravans, etc. The other runs to the North-east. This is the Russian road, used by the Mongolor Societé (Gold Mining Company) as their relay road, and by the Russian post.

The methods of transport actually in use at present are: Camel pack, camel cart, ox cart, horse cart, pack donkey (mostly used by Chinese tramps and coolies), riding horse, and palanquin carried on poles by horsemen. It is exceedingly difficult to estimate the actual cost of any one of these sources of transport. They all vary, according to the supply and demand, and the actual time taken on the road; the quicker the dearer, the smaller the load the cheaper; and travelling from Urga to Kalgan is cheaper than from Kalgan to Urga, owing to its descent nearly the whole way.

Roughly the cost and speed of transport along the Telegraph and Ox Road are as follow:—

Camel pack: 18-35 days, \$20-\$30; 350 to 500 lbs. load.

Ox-cart: 43-75 days, \$10-\$15.

Horse cart: (3 or more horses), 23-35 days, \$80-\$150; maximum load with four horses, 1,000 lbs.

Donkey pack: 25-35 days.

Riding horse, 12-30 days; cost variable. The same horse all the way, \$30 to \$40.

On the Government Relay Road, animals cannot be hired, a "pass" being the only method of obtaining them.

By relay riding the journey takes from eight to seventeen days and the palanquin about 17 days.

From Urga to Uliassutai by relay takes 8 days and from Urga to Kobdo by relay, 15 days.

Ox-cart from Urga to Kiakhtha, takes 2 to 15 days travelling at night.

Merchants, etc., travelling, use a camel cart, a comfortable conveyance in which they sleep at night. The cost second hand of such a cart is \$40-\$60, new \$100-\$200. The Post Office horses across the telegraph line complete the journey, changing horses, in 7-9 days.

A Mongolian riding one horse and leading another will complete the journey in 10-12 days across the telegraph line. The journey from Urga to Kalgan is naturally the quicker, being on the descent most of the way.

A Chinese coolie carrying his pack or using a wheel barrow between two coolies, sometimes putting up a sail, will complete the journey in 20-30 days.

Oxen and camels during the hot season travel at night. As a rule all animals live on the grazing during the journey. At times Kalgan beans are carried, but used very sparingly. Water is fairly plentiful along the road from wells, ponds, snow, etc.

Colonisation by Chinese

As the question of colonisation of Mongolia by Chinese is made a feature of the demands of Russia it is interesting to give some idea of what has been done in this direction. A traveller thus gives his observations whilst travelling from Kalgan to Yerkne Udinsk:

As the road from Kalgan reaches Han-no-pa and moves on to the plateau one comes into the rich Chinese settlement. Here, for miles on each side of the road, are scattered neat Chinese farm houses with an occasional small village, with the usual Chinese shops and inns. The Chinese here have made use of the rich soil, and there are large stretches of cereals. Every year the cultivation increases, and instead of small patches of intensely cultivated ground as seen near Peking there are extensive stretches of cultivation. As a herdsman the Chinese settler fails, and the herds of oxen, sheep, and horses seen cannot be compared with those of the Mongols further north. The troops of horses

with large houses, stacks, granaries, etc. Many of these large farms are capitalised by merchants in Urga, who either let the farms or else put a manager or bailiffs into them to look after them.

Scattered here and there are groups of Chinese who survey the farms and settle boundary disputes. The land is rented by the Chinese from the Mongolian princes interested. The colonist is allowed to choose practically what land he likes and pays about four dollars a ching a year in rent. He can leave the land and move on to fresh areas if it should prove unsuitable; otherwise he can hold the land in perpetuity. The colonists come directly under the officials at Urga, who settle any disputes.

Certain conditions are imposed which require the colonist to make some attempt at cultivation within a certain time, to build houses, and treat the Mongols properly, etc.

The grain is sold in Urga and Kiakhtha, but it is poorer than the grain grown in China. A curious variety of wild oat, said to be huskiess, is used considerably.

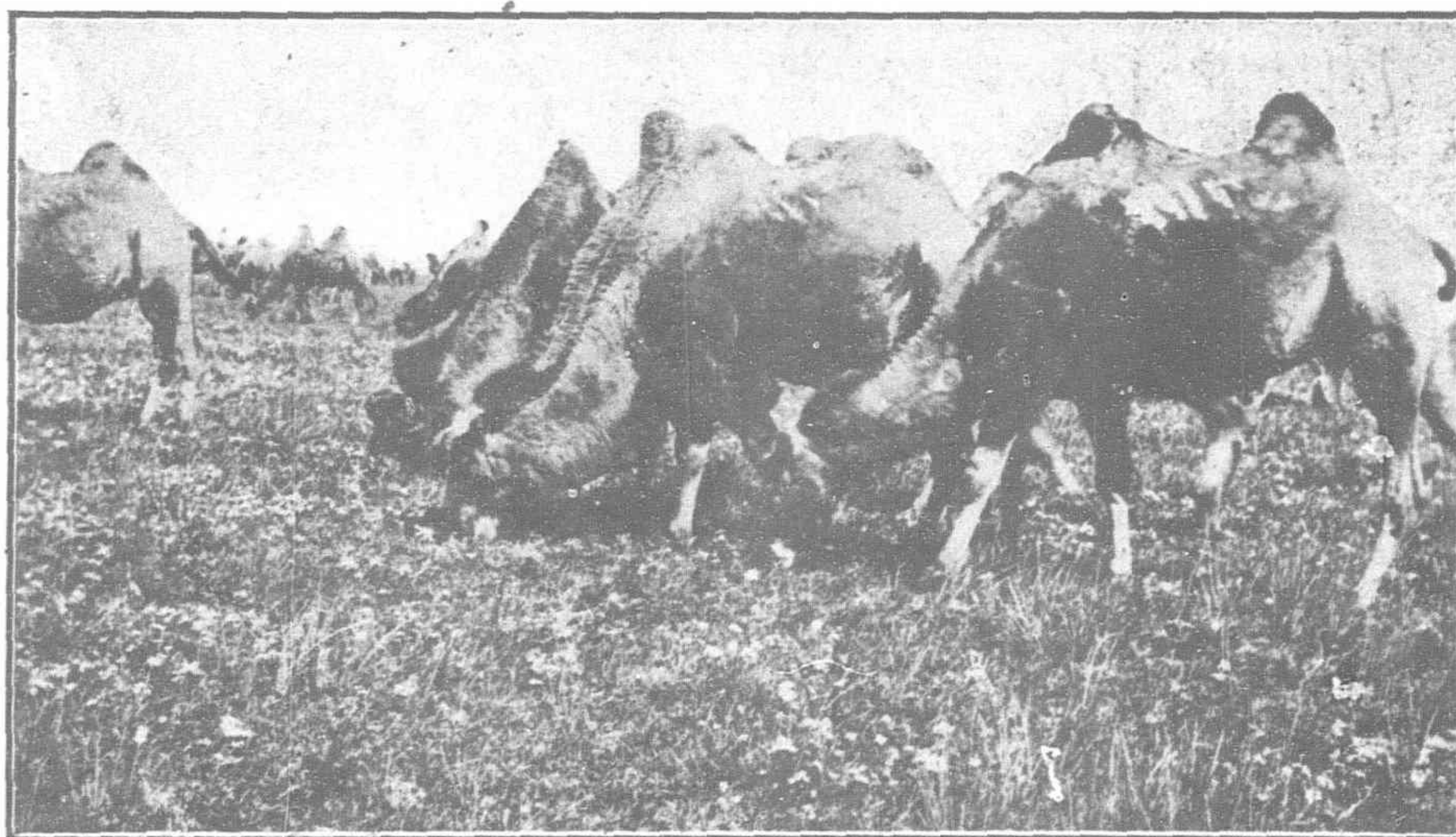
On the whole the Chinese colonist seems very prosperous.

Across the Yero river, in the north, are a number of Russian colonists, but they are not generally prosperous. Whereas the Chinese import their own people for the farms the Russian depends upon the Mongolian and as he is not a good agriculturalist the result is not as satisfactory as is the case with the Chinese.

As has been mentioned the flocks and herds managed by the Mongols are superior, but there is considerable difficulty in buying from them as they are not at all inclined to

sell and do not breed for a market. They will sell sufficient to provide themselves with any necessities of life which they do not produce themselves. But a Mongol is counted rich according to the number of flocks and troops of horses which he possesses, and only the worst specimens as a general rule come into the market.

The Mongol pony is an extraordinarily hardy animal, seldom more than 13.3 hands high, and often much smaller. He will cover long distances in a wonderfully short time, on grass alone. He is never fed on grain, and picks up his living from the grazing, an easy enough matter in the summer months, but one of great difficulty in the winter when the ground is snow-covered. The Mongolian, with the exception of occasionally cutting grass and placing it in a hollow bit of ground, never thinks of providing for his horses in winter, and will let them go for four days without water. A Mongolian pony can be ridden or driven in a cart for a day



MONGOLIA—Camel herd on the grazing grounds.

belonging to the Chinese are of a very inferior sort, and obviously the Chinese do not understand the care of horses.

After leaving the Chinese southern settlement no more cultivation is seen until the rich valleys beyond Urga are reached, though it seems evident from the vegetable gardens belonging to the clerks at the telegraph offices at Ude and Tuerin that cultivation of the lower ground might prove a success even in those dry localities. At Tuerin there is a succession of fine valleys very rich in grazing and watered by the snow and rain fed streams.

At Urga itself there are a considerable number of vegetable gardens but no cultivation on any great scale. It is stated that in this valley the cold winds prevent any successful cultivation. Northwards from Urga, however, Chinese, mostly from Shansi, have settled in the valleys, and work their farms with Chinese laborers, while Mongols are employed to tend the herds and troops of horses. The majority seem to be prosperous,

and half without water, and will cover 700 miles in twelve days, being ridden.

The usual method among the Mongols when they sell horses is to dispose of a "bloc" of them to one of the dealers, who sorts them into good, bad, and indifferent, and sells them accordingly on reaching China.

The Mongol looks down on all kinds of commerce, and even upon cultivation of the ground, and it therefore remains for the Chinese to develop the country.

Commercial

The trade between Mongolia and Siberia has from time immemorial been a brisk one. The treaties of Nerchinsk (1687-89) and of Kiakhta (1727) regulating the Chinese-Russian frontier question made Kiakhta the main centre of mutual commercial intercourse in 1729.

Both Mongolian and Chinese products entered Russia here. Payments were then made in kind. Tea, sugar, silk, etc., from China, being exchanged for cattle, skins, furs, hair, and wool from Mongolia, which again were exchanged for cloth, iron, and copper ware, opium and rhubarb from Russia. This system of exchange still holds good in some places in central Mongolia, where money is little used. For about sixty years the usual payments have been made in silver.

The tea-carrying trade was the most successful, and many Russian firms grew rich from it, but for some years this trade has been declining. The opening of the Odessa-Suez route giving connections between Russia and Turkestan, via Samarkand and Kashgar, and eventually the opening of the Manchurian line, combined together to give the tea trade its practical death blow. There is still a certain amount of carrying tea trade with Russia, the word "Kiakhta" having a magic effect upon some customers, and other Russian firms are still awaiting the opening of a railway line, keeping their houses open at Kiakhta, though the trade no longer passes by this route. Until very recently the Chinese import trade with Mongols was the most flourishing and the Russians, who always want a large profit, seemed unable to compete with them. The Chinese supply the simple Mongol with all the necessities of life, such as cloth, caps, tobacco, sugar, silk and brick tea, charging exorbitant prices. Metal ware, silver ornaments, tea pots, etc., are nearly all of Peking make, as are the wooden bowls in common use. In addition a considerable amount of Russian cloth is sold.

The Chinese have various small retail traders in the desert, some permanent as at Tuerin, others "travelling," each returning to the same place for a length of time, when the surrounding Mongols come in to buy.

Kiakhta received a heavy blow in 1909 through the abolition of Article 959 of the Russian Duty Tariff, and in consequence silk now pays ten roubles duty.

There is a brisk trade in cattle, but rinderpest is a scourge. The Russians have established an inoculation station north of Kiakhta, of which the Mongols

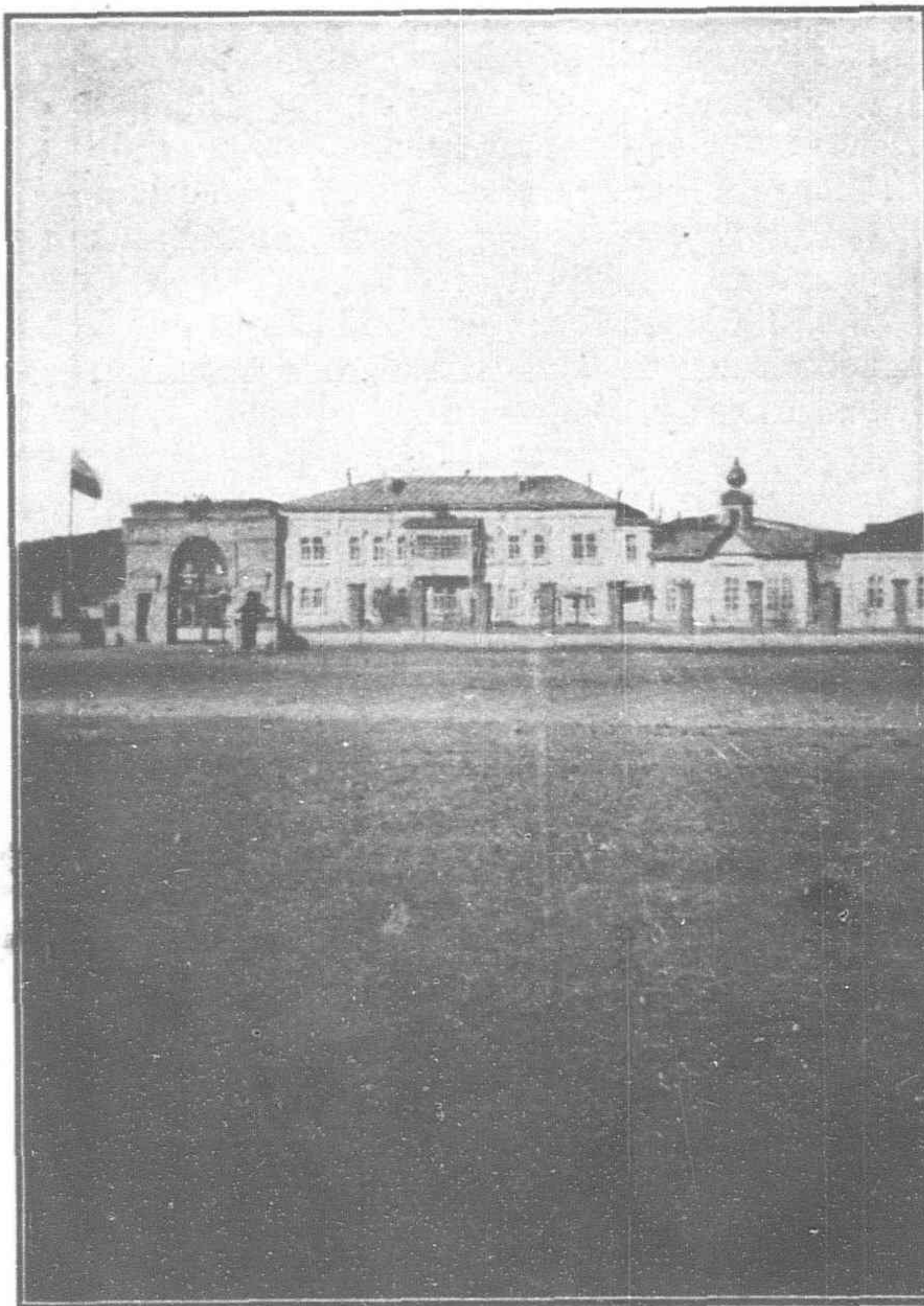


MONGOLIA.—The Pasture Lands.

make use. The average price of sheep and cattle is from two to eight roubles and from 25 to 45 roubles respectively.

There would appear to be a great opening for some enterprising firm to open a canned or frozen meat depôt either at Kiakhta or Kalgan.

Urga is of the greatest importance for central and northern Mongolia from a



MONGOLIA.—Russian Consulate-General at Urga.

commercial point of view. Uliassutai and Kobdo buy and sell through this town. The principal goods imported until last year were piece silk, nankeens, black tea, as much as four to five million taels worth of Chinese drills being sold in a year. America and Japan held the foreign trade in piece goods, while Germany held the

silk market. British-American Tobacco Co. cigarettes were sold as far north as Kiakhta, being carried in bulk from Kalgan by wholesale men.

The Russian could not compete with the Chinese in the import trade, perhaps his idea of profit being too extravagant.

The Mongol produces nothing but his own furs and saddles, but in addition to hides, furs and camel hair, exports some salt, soda, and gold, as well as wood. The Chinese bring their exports out by camel caravans via Kalgan, whilst the Russians export through the north. The Russian merchants at Kiakhta and Yerkne Udinsk expect great developments in trade when the proposed line is built and opened to connect with Urga. Especially do they hope for a revival of the tea trade.

Mineral Wealth

The mineral wealth of Mongolia is at present practically undeveloped, but from a geological examination, and from reports from prospectors during the last few years, it is of great value, especially in the north. In addition to salt, coal and marble (a small quartz or crystal used for the manufacture of spectacles is quarried at 5 marches from Kalgan) the chief development is being carried out by the Société Mongolor. This private company was formed by a Mr. G. Victor van Grotte, of the Imperial Customs Service, to work a mining concession in Mongolia, and for many years proved a failure. Gold there was, and gold in workable quantities, American machinery was imported as well as American engineering. In 1910, the mine paid 150 per cent., and for 1912 a payment of 300 per cent. was hoped for. The Company is at present working seven mines, and employing upwards of 7,000 Chinese coolies—who work under the usual Chinese method—the company supplying all paraphernalia, and the gangs of coolies under the foreman selling all gold found at a fixed rate to the Company, i.e. Twenty Dollars (\$20) an ounce. The Chinese authorities, until quite recently had at each mine a small guard and an official, who checked the tax payable by the Company on the amount of gold excavated, to the Chinese Government, and also represented the "law" for the settlement of Chinese coolies. The Company estimated to obtain 20 tons of gold in 1911, and 30 tons of gold in 1912. New English and American machinery was recently imported, and Mr. Henson, a German, acted as Chief Engineer and right hand man to Mr. Victor van Grotte. They have also a new electric plant for assaying and refining the gold. It is said that the River Yere is full of gold, and already dredging operations have been commenced.

All the directing staff are now Russians, and they also employ a number of Russian prospectors, who are employed in prospecting in the valleys, etc. There is a considerable mortality amongst the Chinese coolies from a mysterious disease. They catch it from the water, and it affects their limbs, in most cases proving fatal.

In addition to gold, there are to be found lead, silver, iron, and zinc, but as yet no attempt has been made to mine these other minerals.

Population

The population of Mongolia is scanty. It is especially centred in the North, the South, and the South East. The Central region, and that of the South are almost uninhabited. According to "Richard's Geography of the Chinese Empire," Mongolia is peopled by three principal races: the Mongols, the Turkis, and the Chinese. The Turkis occupy the West, the Chinese are confined chiefly to the South, where they are engaged in opening up the country, while the Mongols inhabit the remaining parts of the country.

The Mongols are divided into numerous tribes. The principal are: in the North, the Kalkhas (the Great Conqueror, Genghis-khan 1164-1227, belonged to this group); in the West, the Kalmucks (divided into Buriats, Turguts and Eleuths), the majority of whom have crossed over to Tibet, Sungaria and Siberia; in the East, the Chakhars. The name Tartar sometimes given to the Mongols applies only to the Northern Group, but even this must be taken with restriction, the proper appellation being *Tatars*.

The Mongols are a well-built and sturdy race. They are often of great width across the shoulders. The chest is, generally speaking, arched; the neck thick-set; the face large and flat; the cheek-bones prominent; the eye-lids less oblique than those of the Chinese; the nose broad and flat; the beard black, short and scanty; the voice deep and sonorous; the feature tanned by the smoke of the "yurt" or tent, and exposure to the sun's rays, while the hands and feet are relatively small. Men and women are full of vigour and strength. Their character is frank and open, though rather rude. They are warm-hearted and hospitable, but improvident, lazy, filthy and much addicted to drunkenness. They are jovial, and fond of physical exercise and athletic sports. They are splendid horsemen, and as many as 4,000 may be seen at times contesting for the prize of daring and speed. On foot, they are awkward, and walk heavily. Accustomed to live either in the "yurt" (tent) or in the open air they have become inured to privations of all kinds.

The majority of the men embrace a life of celibacy, in the Lhama monasteries, and thus thin the population, which is fast advancing towards extinction.

The Kirghis, who inhabit the West, are of Turkish origin. Their cheek-bones are high like those of the Mongols, but in a

lesser degree: their limbs are strong and well-shaped, their eye is quick, but the nose is convex, the beard black and fairly abundant, while their bearing is proud and haughty. Their reputation of highwaymen is well-deserved. They are, however, hospitable and open-hearted, and like the Mongols, pass the greater part of their life on horse-back.

Religion

Nearly all the Mongols are Buddhists. Indian Buddhism, however, after passing to Tibet, was transformed into Lhamaism. Lhamas are Buddhist monks who observe the forms of Tibetan Buddhism, and lead generally a conventual life.

The principal sects are distinguished, from the colour of their dress and their head-covering: the red Lhamas and the yellow Lhamas (Red Caps and Yellow Caps). The latter predominate in Mongolia. Of the three High Dignitaries of Lhamaism, or Living Buddhas, two reside in Tibet, and one at Urga in Mongolia. This latter bears the name of Hutukht'u (a Mongolian word meaning one who returns again, or an Avatar). He holds authority over 25,000 Lhamas, and maintains 150,000 slaves, who tend his flocks. Previous to 1664, he resided at Kwei-hwa-cheng in Shansi Province. Nearly all Lhama Monasteries have now their Avatars or Living Buddhas. These Lhamaseries are very numerous, and sometimes contain as many as 20,000 Lhamas or more. According to recent statistics, the Lhamas form five-eighths of the male population of Mongolia. They wield great power and enjoy wealth, owing to the numerous donations which they receive.

The Lhama form of Buddhism is much adulterated in Mongolia with Shamanism and Idolatry.

The Urga Agreement

The following were the terms of the Urga Agreement, ratified on November 3, 1912:—

Whereas His Majesty, The Emperor of all the Russias and the Hutukht'u Je-tsun-Dampa, Sovereign of Mongolia, desiring to come to an understanding and in order to cement the relations of friendship between the two countries, have named their plenipotentiaries to make an agreement relating to different matters.

The following named plenipotentiaries furnished with full powers, Ivan Korostovetz, Actual Privy Councillor and Envoy Extraordinary; Saimnaim Khan (of) Nansurum, the patron of 100,000 Truths, Prime Minister; Erdeni-deitzin Khan (of) Dergi, Minister of Foreign Affairs; Tuchetuzui, Duke of Chak-dorgab, Minister of Finance; Endenidaluizin, Duke of Gombosum, Minister of War; Endemizum, Duke of Nomsarai, Minister of Justice, have agreed on the following stipulations:—

1. The Imperial Russian Government will give its aid to Mongolia in order that Mongolia may maintain its autonomy and preserve its settled organizations and also the right of having its national troops and of refusing to allow either Chinese troops or Chinese colonization in its territory.
2. The Sovereign of Mongolia and the Mongolian Government will permit to Russian subjects and to Russian trade the same privileges and rights as formerly enjoyed. These privileges and rights are

set forth at length in the Protocol below. It is further understood that other nations cannot enjoy any more rights in Mongolia than those given to Russia.

3. If the Mongolian Government finds it necessary to enter into any separate treaty with China or any other foreign Power, it is understood that this Treaty may not be infringed on or altered in any way without first obtaining the consent of the Imperial Russian Government.
4. The present Treaty of friendship is to come into force from the date of signature.

The Urga Protocol

The Urga Protocol was also signed on November 3, 1912. Its terms are as follow:—

Article 1.—Russian subjects shall, as in the past, have the right freely to live in, and to travel in all parts of Mongolia, to conduct business, establish factories, and to arrange affairs with all individuals or companies, official or private, whether of Russian, Mongol, Chinese or any other nationality.

Article 2.—Russian subjects shall, as in the past, have the right to import and export at all times all products and manufactures of Russia, Mongolia, China or other countries duty free and to conduct free trade, exempt from all duties and taxes. But any combination of Russians and Chinese or Russians declaring falsely the origin of goods shall not be entitled to these privileges.

Article 3.—Russian banks shall have the right to establish branch banks throughout Mongolia to conduct banking business with all individuals and companies.

Article 4.—Trade can be conducted by means of ready money or credit, but in the case of credit transactions the Mongol princes or the Treasury cannot be held responsible for the credit of private individuals.

Article 5.—No monopoly can be established either in connection with commerce of manufactures. The Mongolian authorities shall not prevent Mongols or Chinese from doing business with Russian subjects nor prevent their employment in Russian commercial and industrial enterprises.

Article 6.—Russian subjects shall have the right to lease or buy land in all towns and cities throughout Mongolia, to establish commercial enterprises and manufactures, to build houses, stores and godowns, and to lease vacant land for agricultural purposes. Pasture lands and places set apart for religious purposes are not included. These lands shall be leased to Russians according to Mongol existing regulations.

Article 7.—Russian subjects are free to arrange with the Mongolian Government for concessions regarding mining, forestry, fishing and other business enterprises.

Article 8.—The Russian Government shall have the right to establish consulates in Mongolia wherever they are deemed necessary after consultation with the Mongolian Government. The latter shall have a corresponding right to appoint Mongolian representatives to places along the Russian frontier.

Article 9.—Wherever Russian consulates are established or Russian business is conducted, Russian trade settlement can be established which will be under the administration of the Russian consuls, or where there are no consuls, under the administration of the senior Russian merchant.

Article 10.—Russian post offices can be established throughout Mongolia with postal services to the Russian frontier, at the cost of the Russian Government.

Article 11.—Russian consuls shall have the right to use Mongolian post stations without charge, provided the number of horses furnished by the Mongols does not exceed one hundred monthly nor the number of camels thirty monthly. Private Russians can use on payment.

Article 12.—All Mongolian rivers flowing into Russian territory, and branches thereof, are open to navigation by Russian subjects with Russian vessels. The Russian Government will assist the Mongolian Government in the conservation of these rivers and with the improvement for navigation by buoying and lighting, and Russian subjects shall, in accordance with Article 6, be granted areas on the river frontages as stopping places for Russian vessels and can there build wharves and godowns.

Article 13.—Russian subjects desiring to transport goods and live stock shall have the right to use the rivers and roads in Mongolia and with their own money can build bridges and establish ferries and collect fees from people using those bridges and ferries.

Article 14.—Grazing lands in Mongolia shall be reserved for the use of flocks travelling when belonging to Russian subjects. Such lands can be used for three months without payment, after which charges can be made.

Article 15.—All rights and privileges enjoyed hitherto by Russian subjects along the frontier for hunting, fishing and grasscutting in Mongolia are confirmed.

Article 16.—Russian subjects can conduct business with Mongols and Chinese either verbally or in writing. The contracting parties can send these documents to the local authorities for approval. If the local authority on scrutinising these documents think that there are some obstacles, they should notify the Russian consuls at once and consult them so as to remove misunderstanding. It is specially provided that business regarding immovable property shall be done by written agreement, such agreement to be submitted to the Mongolian officials and the Russian consul for approval. The agreement with regard to national resources must be submitted to the Mongolian Government for approval. In case of dispute either in regard to agreements contracted verbally or by written documents, both parties may choose someone to act as arbitrator. If the dispute cannot be settled peaceably it should be sent to a Mixed Court. The Mixed Courts shall be of two kinds—permanent and provisional. The permanent Mixed Court shall be established in places where there are Russian consulates, to be organised by the Russian consuls or their representatives and the Mongolian officials or representatives of equal rank. The provisional Mixed Court shall be established in places where there are no Russian consulates, temporarily and as deemed necessary by representatives of Russian consuls or by representatives of Mongolian Princes in whose territory defendants reside. The Mixed Court can summon Mongolians, Chinese and Russians to be jurymen. When the case is settled the Russian consuls should execute it at once in regard to Russians and Mongolian Princes in regard to Chinese and Mongolians under their jurisdiction.

Article 17.—The Protocol takes effect from the date of signature.

The Protocol is written in Russian, and it and a Mongolian duplicate were signed, sealed and exchanged at Urga on the twenty-fourth day of the last month of the Autumn of the second year of the Mongolian Sovereign, being November 3rd, 1912, new style (old style October 21st).

[NOTE.—Our Peking correspondent telegraphed on May 31 as follows:—

Yesterday the Government submitted to the Lower House the proposed Agreement with Russia re Mongolia. It embodies the Urga Protocol, but stipulates that Russia recognises Mongolia as an integral part of China, and Russia undertakes to respect China's rights of every description.

China undertakes not to change the system of local self-government which has hitherto existed in Outer Mongolia, and agrees that the Mongols alone may organise troops and police. China

grants the right to oppose colonization by others than Mongols.

Russia undertakes not to despatch troops to Outer Mongolia except Consular guards; not to colonise, and not to appoint any other kind of officials, except those allowed for the Consulates by treaty.

China will accept such principles of procedure as Russia, as mediator, may lay down in accordance with the above.

Chinese officials will be regarded as having the character of local officials in any part of China.

Russia undertakes to effect no agreement with Outer Mongolia unless with the consent of China.

The House threatens not to sanction the Agreement, but this solution is highly favourable to China.]

A NON-PARTISAN COMMENTARY ON THE URGA PROTOCOL.

By LIEUT. G. C. BINSTED.
(The Essex Regiment.)

Almost every one of the 17 articles of the Urga Protocol deals with matters which affect trade and industry, and it is therefore impossible to appreciate the significance of the Protocol without a knowledge of the history of Russo-Mongolian trade in late years. There have been recently published the reports of the two Russian expeditions to Mongolia in 1910 which were chiefly concerned in studying the general trade conditions of that country and in particular the cause of the recent marked falling off of Russian exports into Mongolia. We will start our commentary by a review of trade conditions in Mongolia such as they existed prior to the recent political changes.

The available trade statistics are very meagre. Even along the Russian frontier there are only four Russian Customs Stations, of which two are in the extreme southwest corner of Mongolia near Hsinchiang. Consequently the figures given refer only to the trade through these points, but they may nevertheless fairly be taken as representative of the whole.

Russian trade in Mongolia is confined almost exclusively to the north-west mountainous area, that is roughly all that lies north and west of the line River Onon-Urga—the headwaters of the River Urungu (south of Mongolian Altai). Chinese traders were on the other hand to be found in every part of Mongolia, at every Prince's encampment and close to every lhamasery.

There are no traders of any other nationality except Russian and Chinese, as Mongolia is closed to all foreign trade except Russian.¹

Even where Russian trade existed, Chinese trade far exceeded it in volume. Below are given the number of firms of

¹ Since writing the above, a new factor has been introduced into the situation by the declaration of a German Minister in the Reichstag that Germany desired the opening of Mongolia trade to the merchants of all nations on an equal footing.

each nationality at a few important points:

| | | | | |
|--------------|-----|---------|----|---------|
| Urga | 100 | Chinese | 10 | Russian |
| Uliassutai | 85 | " | 5 | " |
| Kobdo | 65 | " | 7 | " |
| Han-ta-Ch'in | | | | |
| Wang's Huré' | 30 | " | 3 | " |
| Tzain-Shabi | 12 | " | 4 | " |

The above figures refer to 1910 and are quoted from the Moscow Expedition's Report.

In the Report on the expedition of the two Tomsk professors M. I. Begolyepoff and M. N. Soboleff, a list is given of the Russian firms and traders in Mongolia. They amount to a total of 145 and they carry on business at 244 places.

The points at which the flow of Russo-Mongolia trade crosses the frontier are:—

(1) Bakhti, which connects Chuguchak and the Tarbagatai district, on the one hand, with Sergiopol.

(2) Zaisansk connecting the newly formed (1907) Chinese administrative district of Altai with the towns on the Russian Irtysh.

(3) Kosh Agach, through which passes the trade from Kobdo, Uliassutai and Ulanom with Biisk.

(4) The River Yenisei and the road from the Russian village of Usinskoye across the Sayansk Mountains to the valley of the Beikem. These two ways connect the Urianhai lands with Minusinsk.

(5) The Tunka road connecting the Kosogol basin and Darknat country with Lake Baikal and Irkutsk.

(6) Kiakhta connecting Yerkne Udinsk on the Trans-Siberian line with Urga.

The points at which Russian Customs posts exist are:—Bakhti, Zaisansk, Kosh Agach and Kiakhta.

Let us examine some figures for the last four places mentioned in recent years:—

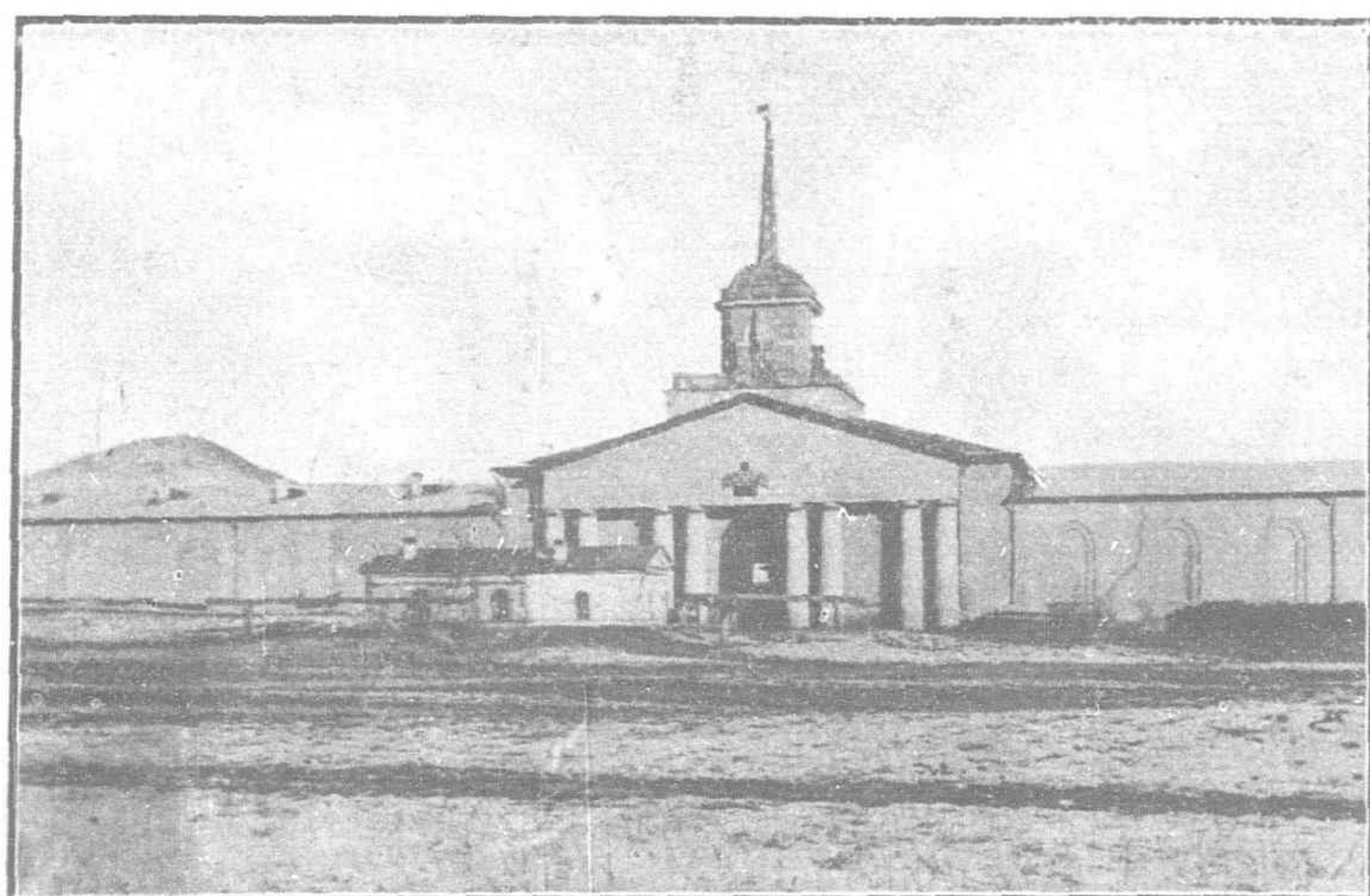
Russian Exports into Mongolia.

(The figures represent thousands of Roubles or roughly hundreds of pounds sterling)

| Year | Bakhti | Zaisansk | Kosh Agach | Kiakhta | Total for four Customs Posts. |
|------|----------------------|----------|------------|---------|-------------------------------|
| 1899 | 1316 | 458 | 369 | 976 | 3,117 |
| 1901 | 1431 | 332 | 414 | 212 | 2,388 |
| 1903 | 2483 | 561 | 496 | 768 | 4,309 |
| 1904 | (Russo-Japanese War) | | | | |
| | 1784 | 511 | 294 | 677 | 3,266 |
| 1906 | 1741 | 688 | 550 | 1592 | 4,571 |
| 1907 | 2424 | 776 | 563 | 747 | 4,509 |
| 1908 | 1995 | 801 | 364 | 556 | 3,715 |
| 1909 | 1347 | 791 | 294 | 189 | 2,621 |

It will be noticed that while the figures for the two extreme southwest posts roughly remain the same, those for Kosh Agach and Kiakhta exhibit a great decrease.

The chief article of Russian export into Mongolia is cotton manufactured goods.



MONGOLIA.—The Customs Station at Kiakhta

Photo by Lieut. Binsteed

In 1903, 69,500 poods were imported through the 4 Customs posts.

In 1909 only 27,500 poods were imported through the same 4 customs posts.

Next come metal goods:—

In 1904 (highest figures ever reached) 23,000 poods.

In 1909, 12,300 poods.

Again, of dressed skins, in 1906, 35,300 poods were brought into Mongolia, while in 1909, only 3,500 poods. Moreover for Kiakhta only, the figures for these dressed skins were:—

In 1906 30,000 poods.

In 1909 280 „

On the other hand, the export of sugar and sugar confections is increasing.

Average for years

1899-1901 5,000 poods.

1908 33,500 „

1909 23,500 „

This sugar is chiefly sent to Chugu-chaks and Urga.

RUSSIAN IMPORTS FROM MONGOLIA.

To arrive at the import of purely Mongol commodities, it is necessary first to exclude from the Customs house figures those goods of Chinese origin and to count only Mongol raw and half-worked materials.

(The figures represent thousands of Roubles or roughly hundreds of pounds sterling)

| Year | Bakhti | Zaisansk | Kosh Agach | Kiakhta | Total |
|------|--------|----------|------------|---------|-------|
| 1904 | 2090 | 413 | 1334 | 312 | 4151 |
| 1907 | 1978 | 772 | 1571 | 821 | 5143 |
| 1909 | 2484 | 665 | 1502 | 3484 | 8097 |

To take some commodities separately:—

Undressed Skins.

Through Kiakhta Total for 4 Customs post

| | | |
|------|--------|--------------|
| 1906 | 747 | 22,600 Poods |
| 1908 | 5,268 | 27,846 „ |
| 1909 | 16,931 | 45,566 „ |

Note that the export of dressed skins via Kiakhta has enormously decreased

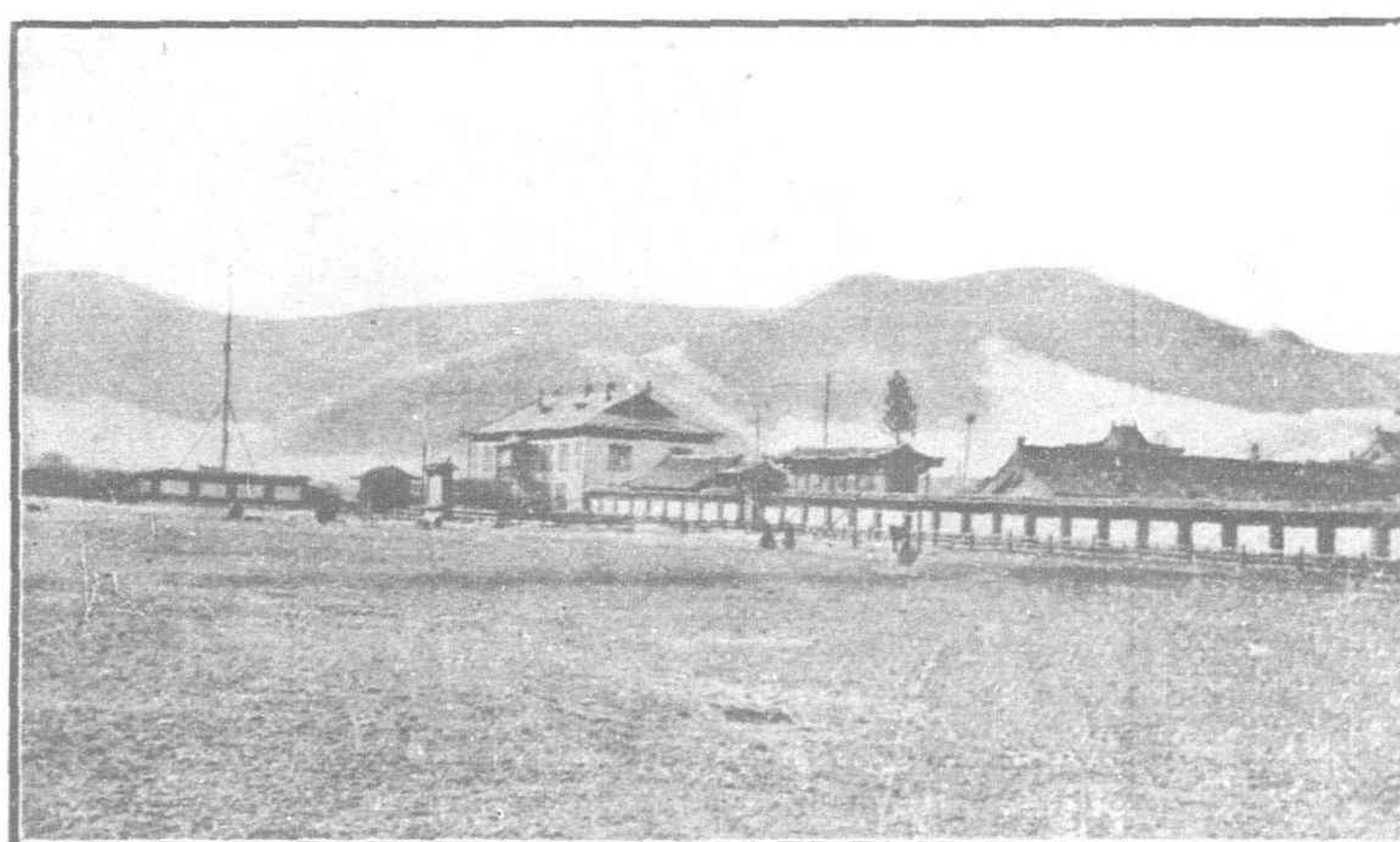
and import of raw hides enormously increased. In general the trade through Kiakhta into Mongolia has lessened whilst that into Siberia at this point has grown.

At the three points of passage on the frontier which connect with the Urianhai basin and through it with Ulankom, Uliassutai and the upper Selenga basin, there are no Customs houses and no exact statistics compiled. But the

following figures are given in the Report on the Moscow Expedition as being the most authentic estimates available:

EXPORT INTO URIANHAI

Prior to 1907, yearly average, 150,000 Roubles' worth of goods,



MONGOLIA.—Residence of the Hutukht'u at Urga. He lives in the Russian style house

Photo by Lieut. Binsteed

In 1909 448,000 Roubles.

IMPORT FROM URIANHAI.

Before 1906, between 140,000 and 175,000 Roubles yearly.

In 1909 about 613,000 Roubles.

IMPORT OF CATTLE FROM URIANHAI.

Heads of Cattle.

| | | |
|--------------|------|------|
| 1905 | 1907 | 1909 |
| Large Horned | | |
| 3713 | 5022 | 7420 |
| Small Horned | | |
| 764 | 1907 | 4709 |
| Horses | | |
| 244 | 138 | 200 |

Thus it will be seen that on the whole, the export of Russian manufactured goods into Mongolia has greatly fallen, while the import into Siberia of Mongolian raw materials and livestock has

increased. But the favourable aspect of the latter fact is diminished because, in late years, the Russian traders have been largely forced to buy Mongolian produce not direct from Mongols, but from the Chinese who buy cheap from the Mongols and resell dear to the Russians. Again it is to be noted that most of the wool imported into Siberia, only passes through that country on the way to America and England, whilst the skins mostly go to Germany.

Russia exports into Mongolia chiefly the following: manufactured goods for clothing purposes, manufactured metal goods, enamel and hardware, groceries and haberdashery, dressed leather, iron, tobacco, Russian wines and Russian paper money.

In exchange for the above, she imports into Siberia horses, cattle and sheep, and all their products such as wool, skins, hair, fat, camels' hair and furs of many kinds, chiefly marmot and sable.

Before passing to the direct causes of the failure of Russian trade, it is necessary to draw attention to two peculiar features of trade in Mongolia,

both of which appear to be unavoidable at any rate for many years to come, and both of which have been turned to advantage by the Chinese to the detriment of Russians. These features are: firstly, the almost universal application of barter and the absence of a coinage, and secondly the necessity for transacting business on a system of long credit. The second feature is partly caused by the first.

In Mongolia, there are very few coins, though of late years, some Chinese and Russian coins and Chinese sycee are in use in the larger centres. Russian and Chinese notes are also in use, but trade is still chiefly carried on by the exchange of manufactured goods for raw produce.

But since the Mongol is in need of the manufactured goods at all times of the year whereas his raw produce is only fit for transfer to other hands at certain definite seasons, it is necessary for the trader to give the Mongol his require-



MONGOLIA.—A Mongol's house

Photo by Lieut. Binsteed

ments on credit. The Mongol can only pay in wool at the shearing season at the end of June; no trader will accept Mongol livestock in payment until well on in the summer when it has recovered from its bad condition after the long winter scarcity of food. (As a rule, the Mongol makes no provision for the winter by storing hay). Again the wild animals cannot be hunted till the fur is at its best in August and September.

The result of the above is that the small trader must be able to command credit. The trader who has not a large capital, has to buy goods on credit, sell them to the Mongols on credit, waiting till the period when the particular form of raw produce he is to receive in payment is ready for acceptance. Having recovered his debt in raw material, he either himself pays for his original purchase with this raw material or sells the latter and repays his debt in coin. He then recommences the operation, taking another consignment of goods, again on credit.

In this respect the Chinese has hitherto had an enormous advantage over the Russian. The Chinese firms are bonded together in guilds, which not only mutually agree as to prices and thereby avoid suicidal competition, but also enable the small trader to obtain credit at about 8% to 12% per annum. Moreover, there also existed the Ta Ch'ing Bank. The Russians on the other hand have no common commercial organization and no bank since the closing of the Russo-Asiatic Bank branches in Urga and Uliassutai a few years ago. The larger wholesale firms let the small traders have goods on credit at exorbitant rates of interest, with the result that the retailer finds it impossible to compete with the Chinese. As the small Russian trader is in these circumstances not above resorting to give short measure and short weight, he soon obtains a bad trading reputation, loses the support of his own Consuls and throws doubt on the honesty of all other Russian traders. But the fault is not only his, but as much that of the wholesale houses who supply him from Biisk and other Siberian towns. The above details are from the Reports of those very Russian expeditions whose only object has been to succour the affairs of the traders whose methods they are, however, forced to condemn. It is obvious also from recent Russian literature that there is little sympathy between Russian traders and Consuls. The former accuse the latter of unapproachableness and lack of support to Russian trade while it is to be inferred that the latter together, with all the serious and better class Russians, would agree that the ill success of Russian trade is largely due to the fact that the Russian trader, no less than the Chinese, has in the past tried mercilessly to exploit the stupidity of the Mongol. To quote only two of the many Russian testimonials to the above fact, I translate the following from Kaznakoff's account of his journey

in 1899 from Ulan Daba to Kobdo. Speaking the area south-east of Ulan Daba, he says:—

"The Russian merchants have split up the trading area into sections amongst themselves....and having agreed mutually as to prices, carry on very successful business, setting impossibly high prices on their goods.....The Mongols themselves realize they are being robbed, but they have nowhere else to obtain the goods from except from the Russian merchants."

Also Svechnikoff, speaking of the earlier days of Russian trade when it was in a better position, says:

"Sometimes the Mongols would borrow from Russians....some (Russians) took as much as 4% per month (48% per annum). In the event of the Mongol not paying in time....some times, especially in the good old days, the creditor took everything which he possibly could from the Mongol. This was called 'making a seizure.'"



MONGOLIA.—Solid blocks of milk on sale at Kiakhta

Photo by Lieut. Binstead

On the other hand, there is little doubt that the exploitation of the Mongol by the Chinese is just as merciless, far more universal, more successful and has apparently awakened in the Mongol far more hatred than that by the Russian.

Other causes of Russian failure are the great profits which every Russian trader wishes to make on the sale of every article, the substitution of late years of inferior goods in the place of good quality goods formerly sold, and the failure of the Moscow manufacturers to study the taste of the Mongols as to the patterns and colours of their garments.

But perhaps the greatest disadvantage under which the Russian has hitherto laboured is in regard to the collection of debts. The poverty of the Mongol makes it very hard to collect debts from him. The Chinese officials everywhere assisted their nationals in this operation, but would give no real help in the case of money owed to Russians and at last publicly announced that they would not

consider in future any complaints by Russians on this score; there were also instances when the Mongols were forbidden to borrow money from Russians. The Russian Consuls were few and far between. Moreover, the vast mass of the trade transactions in Mongolia take place on the pasturages and nomad haunts far away from the few towns where consulates exist and to which the Consuls are chained by their routine duties.

The great centres of population, Kalgan, Kueihua-ch'eng (Kukùhoto), Urga, Uliassutai and Kobdo are only storehouses and distributing centres, from which the goods are taken by hawkers and agents to the scattered collections of yourts, encampments of Jassaks and lhamaseries.

Lastly the natural aptitude of the Chinese for minor trade and the limited range of their material wants have helped them to oust their Russian rivals.

It would seem that the construction of the Trans-Siberian Railway should have given a great advantage to Russian trade, but, on the contrary, many affirm that the effect was to transfer the attention of the Siberians to Manchuria and the Pacific coast. Moreover it must be remembered that whereas the country from Kalgan and Kukùhoto (the Chinese bases) northwards into Mongolia is passable with camels practically anywhere, especially in winter, when ice can be carried: the routes from the trans-Siberian Railway Stations southward to Kobdo, Urianhai and Urga lie through mountainous country which limits the number and usefulness of these routes. Russia has still such a stupendous task in the development of her Empire compared to the financial means at her disposal, that she has had to put off many desirable projects for the improvement of roads and waterways leading into Mongolia.

With the above introduction, let us examine some of the articles of the Protocol in detail.

ARTICLES 1 and 2.—By Article 12 of the Treaty of St. Petersburg of 1881, "Russian subjects are given the right, as formerly, to carry on free trade in Chinese-governed Mongolia, both in the places and *aimaks* in which Chinese administration exists, and in those where such does not exist."

Like the 1881 Treaty, the present Protocol extends its provisions to "all parts of Mongolia." It is this claim of the Urga Government to speak in the name of all Mongolia which promises interesting developments in the future process whereby the present chaos in the Government of Mongolia will resolve itself into something definite.

¹ Since writing the above, it has become fairly evident that Silingol League has already passed into the area controlled by the Urga Government. On April 4 a Chinese force was defeated near the Southern, eastern corner of this league close to Chihli province.

² Since writing the above, a Harbin telegram has stated that the Alashan Mongols have thrown in their lot with Urga.

Chinese colonization in the Cherim, Chosotu and Chouuda leagues and the Kukùhoto and Ch'ahar lands of Inner Mongolia has progressed too far and Chinese provincial methods of administration have been instituted too long for it to be easy to believe that the Urga Government could get control of all "Mongolia" or even that it seriously contemplates the attempt. However, the past history of the *aimaks* of Silingol League, some of whom on more than one occasion have passed from Inner Mongolia into Khalkha, makes it quite likely that with a little encouragement they would again throw in their lot with Khalkha.¹ Kobdo is also an area which will almost certainly belong to non-Chinese Mongolia. The historical enmity between the Khalkhas and the Western Mongols or Eleuths might, however, prevent the latter, joining Khalkha. The Peking representative in Altai, Prince Palta, himself an Eleuth of the Torgut tribe, a Russophobe the Japanophile, will probably use all his natural ability to keep the Eleuth elements in Western Mongolia from joining the Urga Hutukht'u. In the Altai, moreover, there is the non-Mongol element of the Khirghiz, who, however, are of the same race as the Russian Khirghiz and have always hitherto adopted a very independent attitude towards the Chinese. The Urianhai district or Soyotia will probably be recognized as belonging rightfully to Russia by the Burinsk Treaty of 1727. The fate of the two western leagues of Inner Mongols, the Ulan-ch'ap and Ordos together with that of the Alashan and Etsingol Mongols is particularly interesting when considered in relation to the rumoured Tibeto-Mongolian Alliance. Should the Peking Government retain control of these areas, Tibeto-Mongolian relations would be somewhat handicapped by the interposition of Chinese territory. If, however, the above areas joined the Urga Government or even if Alashan alone did so, the Kukunor Mongols and Tanguts would probably also secede from China, in which case only a very narrow strip of Kansu would remain between the the Tibetan and Mongolian states.²

There is little doubt that the Urga Government wishes to gain over all Mongolia, while it is not in the interests of Russia to allow the rashness of the Mongols to create complications to the south of the line formed by the Mongolian Altai Range and the southern border of Khalkha.

ARTICLE 3.—The past history of Russian banking enterprise in Mongolia has been a failure. The closing of the branches of the Russo-Asiatic Bank in Urga and Uliassutai is ascribed to the fact that these branches did not pay, and the chief reasons given for the latter is the failure of the bank to accommodate itself to the peculiar features of Mongol customs. All Chinese creditors and Russian traders make loans to the Mongol Princes and their hoshuns in silver or

goods, but exact repayment in raw produce. If there is trouble as to collection of the debt, the creditor armed with a consular or Chinese official authority proceeds to the hoshun and takes by persuasion or even by force all he requires. The Russian bank also used to lend in silver, and of course this silver soon passed from out of the hoshuns into other hands. The Bank, unlike other creditors, required repayment also in silver, which was not forthcoming, and endless troubles were caused in making the hoshuns themselves turn their raw produce into silver for repayment to the Bank. Moreover, ignorance of the Mongol language, in which all business agreements were drawn up, all helped towards the Bank's failure. There is only one Russian school for the Mongol language in Mongolia, namely, in Urga at the consulate, and its methods are described by Russian writers as leaving much to be desired.¹

Both the larger and the smaller Russian traders stand in great need of Russian banks, the larger, because at present they have no institution whatever in Mongolia which will advance or transfer to them money sufficient for their needs. They are forced to bring very large sums at a time from banks in Siberia, which sums therefore remain quite unproductive till slowly expended. The smaller traders, though they can borrow from the larger, have at present to pay exorbitant rates of interest to the latter.

It is believed that M. Muskuitin, a former member of the Russo-Asiatic Branch Bank at Urga, is now in Russia trying to arrange for the establishment of a new Russian bank in Urga.

ARTICLE 5.—It has been the constant complaint of Russian traders in late years that the Chinese authorities and pro-Chinese princes did everything to prevent business relations between Russians and Mongols. The reason given by the Chinese was that endless disputes arose as the result of such business relations.

ARTICLE 6.—Strange as it may seem, Russians in Mongolia have hitherto had the right to build houses, etc., only in places where there have been Russian consulates. Thus during the period when the Russian Government was trying to wring from the evasive Manchu Government its formal consent to the establishment of a consulate in Uliassutai, the Russian Consul designate proceeded to his post, but, pending the conclusion of the negotiations, was prevented by the local Chinese authorities from building and therefore had to live for considerably over a year in a yurt, his consular office being installed in another. Any European who has spent even one night in a yurt will realise the enormity

¹ From later information it has been learnt that the Russians about a year ago established a new school in Urga for sons of Mongols with a Buriat headmaster who was educated at St. Petersburg and trained Mongol assistants. The Russian Government subsidizes the school, and both Russian and Mongol are taught.

of this situation. In like manner Russians have not had the right to own or lease land. That the above privilege should be exacted from China upon the revision of the 1881 Treaty has been constantly advocated by the Russian writers and travellers, as indeed have most of the new rights and privileges acquired by Russians under the new Protocol.

That Russians will in any numbers lease land for agricultural purposes is hardly to be expected. The example of Siberia proves that unassisted by the Government, the Russian peasant will not migrate, unless conditions are particularly attractive. On the other hand, the Government has its hands quite full enough in trying to fill Siberia with a Russian population without extending its labours to Mongolia. The real value of Outer Mongolia to Russia at the present moment would seem to be two-fold. One is a negative value; Outer Mongolia must not be Chineseified. The other is a potential value. Kept free from a Chinese population and Chinese troops, it forms a reserve where Russian enterprise shall find room for its development in the future when Siberia can be left to look after itself. Meanwhile Russian trade in Mongolia must be fostered, and Russian influence must remain paramount in the councils of the Urga Government, but the less Russia is saddled with cares as to the administration of Mongolia the better.

ARTICLE 7.—As regards mining, so far the only large mines worked have been the Iro Gold mines on the tributaries of the Iro River between Kiakhta and Urga, belonging to Von Grotte's Mongolor Company. But it seems probable that during 1912 many other concessions have been obtained by Russians. The Urianhai area is believed to contain much gold, and there are one or two streams there in which gold is actually obtained, such as the Tapsa.

The cutting of wood was not allowed by right to Russians, but in many frontier localities, notably South of Kiakhta, Russian subjects have been in the habit of crossing the frontier, cutting and taking back wood free of charge.

Similarly also Russians used to make fishing excursions into Mongolia without asking or obtaining leave. Pozdneyeff in "Mongolia and the Mongols" tells of a party who in 1893 spent a month fishing at the mouth of the Hara Gol, 134 miles as the crow flies from the frontier at Kiakhta, and caught 150 poods or 5,400 lbs. of fish without any payment.

It is these customary rights and privileges which are referred to in Article 15 of the Protocol. Such rights were also enjoyed by Russian subjects along the frontier of Barga or Kulunber, in what was formerly Manchuria. As Barga has now joined the Urga Government, the Protocol presumably refers also to it. In any case in point of fact, since the Barguts turned all Chinese

officials out of their land, they have restored to the Russian subjects across the border all such grasscutting and pasturing privileges.

Article 8.—In 1911 the Russian Consulates in Mongolia were three in number—a Consulate General in Urga and Consulates in Uliassutai and Kobdo. The latter cares for the interests of those in Shara Sumé, but owing to the impassibility during a great part of the year of the road between Shara Sumé (Tult'a) and Kobdo over the Mongolian Altai, the latter town is practically cut off from its consulate. It is to be supposed that a consulate or agency will soon be founded in Shara Sumé. Other measures advocated are periodical journeys by the Consuls or deputed Consular subordinates through the country within their jurisdiction for acquaintance with the needs and affairs of Russian traders who by reason of the immense distances cannot afford to appear at the Consular headquarters; again, that the Consuls should be freed from subordination to the Legation in Peking, which entails long delays in the settling of the more important questions. The Consul-General, it is advocated, should be authorised to himself settle many such questions. It would, however, seem that until quicker means of communication are made between Kobdo and Urga, a great deal of time would still be wasted in references to Urga. The establishment of a Russian postal service by Article Ten will however be a great step in advance. The appointing of Mongolian representatives to places close to and within the Russian frontier would seem to be stipulated chiefly for appearances' sake, as there are few Mongol subjects who penetrate any distance into Siberia.

Article 9.—The establishment of Russian trade settlements with a Russian administration will probably have the beneficial effect of bringing home to the traders their common interests, and the uselessness of pursuing their former policy of suicidal competition with each other and lack of mutual sympathy and help.

Article 11.—Article 11 only confirms what has already been the privilege of Russian officials and privileged persons travelling in Mongolia. The Postal corvée is one of those public services laid upon the Hoshun Mongol which make such a large drain on his resources.

Article 12.—The Chief Mongolian Rivers flowing into Russian territory are three: the Selenga, the Yenisei, and the Irtysh. The Kerulen after traversing Barga, forms under the name of the Argun the Russo-Bargut boundary, but in Mongolia it is, as far as is known, not navigable; nor is the Onon, which after a short course in Mongolia, joins the Shilka in Transbaikalia.

To take first the Yenisei. This river is navigable from the mouth of its tributary the Tochia, a distance of 420 versts or 280 miles above the Russian frontier. This, however, requires to be

qualified by the fact that 80 versts or 54 miles below the Tochia are the Utinsk rapids which now necessitate re-shipment, but which it is hoped could be cleared. Again, 110 versts below the frontier are the Bolshoi or Great Rapids, a still more serious barrier, which probably could not be nullified by engineering. Exclusive of these two points, the Yenisei is navigable for 1,280 versts (or 910 miles) above Krasnoyarsk, where it intersects the Siberian Railway. The navigation season lasts from 60 to 180 days from the latter half of April to the latter half of October. In 1911-12 Russian engineers were engaged in making improvements in the course of the Yenisei above Krasnoyarsk. Steamers have long been plying up as far as Minusinsk.

This river and its tributaries are the chief arteries of life in the Urianhai country, which as before stated, it seems probable, will be actually included in Asiatic Russia; geographically it undoubtedly belongs to Siberia. The Sayansk range is not an unbroken watershed, and the real natural frontier lies along the Tannu Ola. Colonel Popoff in the course of his Mongolian travels entertained doubts as to whether the boundary as fixed by the Burinsk Treaty of 1727 really lay along the Sayansk mountains, as was then accepted. His further investigations on the ground along the Tannu Ola have satisfied at any rate himself that the frontier originally lay along the Tannu Ola and that only the absence of any real Russian supervision in this remote corner of the Empire allowed the Chinese local representatives silently to annex an area equal to 300,000 square versts. In any case, it is undoubtedly a fact that the Urianhai district has always been regarded both by the Mongols and Chinese as something apart from the rest of Mongolia, and the usual Mongol frontier posts were maintained not along the Sayansk, but along the Tannu Ola.

A most interesting description in English of this area is given by Mr. Douglas Carruthers in the *Geographical Journal* for June 1912.

To pass next to the Selenga. Steam navigation is already in operation up to Ust Kiakhta, the nearest point on the river to Kiakhta Troitzkosavsk. According to an Irkutsk paper a special reconnaissance of the navigability of the river within Mongolia has been carried out by a Russian engineer, but the results are not yet public. As the Selenga and its great tributary the Orkhon together with their many minor tributaries drain a very large area of Mongolia, it is upon this river that the institution of navigation would be most desirable of all from the Russian point of view.

As regards the Irtysh, steamers have proceeded as far up as Lake Zaisan, and in 1896 investigations resulted in ascertaining that the river was navigable to the confluence of the Alkabek on the Russo-Mongolian frontier. It is not known for certain to what extent the

river within Mongolia is navigable, but that it is navigable is evident from the fact that at a meeting of Russians at Semipalatinsk called by the Omsk Governor-General to consider questions in connection with the revision of the Treaty of 1881, it was decided that China ought to be urged to grant Russians the right to navigate the Irtysh within Mongolia. Moreover, in 1911 a Russian boat ascended the river nearly to the confluence of the Kran, i.e. to a point N. of Lake Uliungur. It seems probable that the practical effect of Article 12 will be first and chiefly seen in the case of the Yenisei.

Article 13.—Hitherto in Mongolia the rivers have proved a very serious obstacle to communication. The rivers are as a rule subject to very sudden and great changes in depth and rate of current. A stream usually fordable may suddenly rise and delay a caravan for several days. The usual means for crossing unfordable rivers has hitherto been the roughly made Mongolian raft. The ferrymen exact what appear to be very high prices. Pozdneyeff quotes: the equivalent of 10 shillings for 100 sheep ferried, and 7½ d. to 1 shilling for a cart and horse across the Orkhon. The Moscow merchants' expedition paid 100. roubles or £1 for the ferrying of thirteen camels with their loads, and six vehicles across the Tola. Apart from the high rates, which are a question of bargaining, and are probably lower for the Mongols than for Chinese or even Russians, the actual way in which the Mongols carry out the operation and the apparatus used seem to leave much to be desired. In 1893, according to Pozdneyeff, the Russians had a bridge across the Tola southeast of Urga, for the use of which they collected a small toll from all alike. The Hoshun administrations designate some of their people to carry out the service of ferrying, leaving it to the individuals to exact what charges they can as a means of livelihood.

Article 14.—This Article providing for grazing lands for Russian-owned livestock will be of use to two classes of persons. Firstly to livestock merchants driving stock purchased in Mongolia northwards for sale in Siberia and secondly to a smaller class of drovers who are in the habit of taking livestock from Western Siberia to Blagoveshchensk to supply the great demand for cattle in Priamuria. These drovers have been in the habit of passing via Mongolia as being the cheapest route. As a matter of fact, this article will only legally confirm a privilege always enjoyed by the Russians.

There is one point which is not mentioned in the Protocol and to which one would have expected some reference. Owing to diseases amongst livestock and infection in hides, etc., imported from Mongolia into Siberia, the Russian Government has found it necessary to institute very strict quarantine measures on

(Continued on page 542)

AMERICAN RECOGNITION OF CHINA



On May 2, 1913, the Republic of China received its first formal recognition from a first class Power, when Mr. E. T. Williams, American Chargé d'Affaires, presented President Yuan Shih-kai with a message of recognition from President Wilson. The above is a photograph taken at the President's Palace on the occasion by Camera Craft Co., Peking.

First Row—(reading from left to right): Mr. Sun Pao-chi (Master of Ceremonies), Major J. H. Russell (retiring Commandant of the American Legation Guard), President Yuan Shih-kai, Mr. E. T. Williams

(American Chargé d'Affaires), Mr. Lu Tseng-tsiang (Minister of Foreign Affairs), Mr. W. R. Peck (Secretary and Translator American Legation).

Second Row—General Tuan Chih-kuei, General Yin Chang, Major Dion Williams (Commandant Legation Guard), Capt. G. T. Summerlin (Acting First-Secretary, American Legation), Major A. J. Bowley (American Military Attaché), Mr. J. K. Davis (Student Interpreter), Mr. E. Morgan (Secretary), Mr. C. D. Meinhardt (Student Interpreter).

Third Row—Mr. Liang Shih-yi (Chief Secretary of President Yuan Shih-kai), Dr. André Lee (American Legation Guard), Mr. W. J. Cannon (Secretary), Capt. T. J. Holcomb (American Legation Guard), General Tong Tsai-li, Mr. V. S. Wellington Koo (Secretary, Ministry of Foreign Affairs).

Back Row—Mr. G. F. Bickford (Student Interpreter), Mr. C. P. McKiernan (Student Interpreter), Capt. E. Bilger (American Legation Guard), Mr. Chen En-hou, Admiral Tsai Tin-kan, Admiral Ch'eng.

THE PHILIPPINES BUREAU OF SCIENCE

SURVEY OF A YEAR'S OPERATIONS.

The eleventh annual report of the Bureau of Science, Manila, submitted to the secretary of the Interior by Mr. Alvin J. Cox, covers the operations for the year ended August 1st, 1912.

The loss sustained by the Bureau in the death of Dr. Paul C. Freer is sympathetically noted, and a full tribute is paid to his magnificent work. "The Bureau of Science to-day stands as a monument to his ability," says the report.

The new wing of the laboratory building had been completed, and the division of mines, the sections of fisheries and ornithology, the entomological collections and laboratories, and the library were moved in.

The staff of the Biological Laboratory underwent changes during the year owing to the resignation of three of its members. Dr. Otto Schobl was appointed assistant in March, 1912, and was put in charge of the routine pathological and clinical examinations. As laboratory work was performed for the Philippine General Hospital, the Bilibid Hospital and at the quarantine station at Mariveles, branch laboratories were established at three places. Investigations were made in regard to plague, beriberi, entamoebic dysentery, surra, the diseases prevalent in the Batanes Islands, and rabies.

In the Botanical section of the Biological Laboratory, 13,396 specimens were received during the year. The total number of mounted specimens now in the herbarium is 106,576,

of which about 66,500 are Philippine, and the remainder extra-Philippine. Investigations of an important nature were carried on.

The accessions to the collections of the entomological section numbered 14,407, an increase over the previous year of 5,750 specimens. Attention is called to the necessity for a thoroughly trained individual to give his entire time to silk culture and its propaganda in the Philippines.

Especial attention has been given by the section of fisheries to economic fishery work, and it has been shown that several small, but profitable, fishery industries could be inaugurated in the Philippines. More than 2,000 specimens were added to the fishery collection during the year.

The laboratory of general, inorganic and physical chemistry did a large amount of routine work for the different Government departments and the general public showed an increasing desire to consult the scientists on theoretical and practical matters pertaining to mining, commercial and industrial problems. Investigations covered a wide field and a somewhat complete study of Philippine soils was made. The investigators who had been studying the physical and chemical properties of Portland cement had continued their work with important results, and the work on the manufacture of Portland cement from Philippine raw material was progressing satisfactorily.

During the year the laboratory of organic chemistry made an examination of 1,921 samples, chiefly in connection with the enforcement of the Pure Food Act. Investigations

in regard to copra to ascertain the effect of geographical situation and climatic conditions were continued and an extended study of Philippine fruits was made. The study of sunlight and sunlight reactions have been continued with encouraging results.

The division of mines made during the year 216 assays for private parties, 20 free assays for prospectors in new districts and on official requests, and 327 assays on black sand research, besides 18 bullion assays and 141 placer weighings. Investigations were made in connection with the black sands of Paracale, Bulacan iron deposits, raw materials for cement, mineral deposits in Pangasinan, the Cansuran mineral district, and other districts.

The study of the Iloco people begun the previous year by the division of ethnology was continued, and is still in progress.

The number of volumes in the library increased during the year by 2,225.

The acting Director points out that it is three years since the Bureau had had an increase in the appropriation in spite of the fact that the demands upon it had increased in every direction. Owing to insufficient staff, and apparatus, in many instances the Bureau had been unable to assist local professional and business men. The growth in the requests for routine work, and for information and advice on scientific subjects had so much increased, that research work had been interfered with, and the Bureau had been handicapped in carrying on new lines of investigation as well as in completing those already begun. There was sore need of more employees and

(Continued on page 546)

THE FAR EASTERN REVIEW

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CHINA'S REORGANISATION LOAN

A Brief History of the Negotiations

Adequately to recount the origin, the progress and the vicissitudes of the famous Big Loan to China, the agreement for which was finally signed on April 26, 1913, would necessitate more space than we are able to devote to the subject. But the Loan has attracted so much notice in all parts of the world, and has occasioned so much controversy, that it would be impossible for the FAR EASTERN REVIEW, a journal so intimately associated with the material development of the Far East, to pass over the conclusion of the Loan with a mere formal announcement of the fact that it had at length reached the stage of finality. To aid in promoting the material development of the Far East, with which necessarily is associated moral and intellectual progress, is the *raison d'être* of this journal, and the final acceptance of the Loan, is a matter of such far-reaching importance that it is clearly imperative, even if no critical expression of opinion be given, that a brief survey should be made of the course of events since the Big Loan first became a matter for practical discussion.

The need of foreign financial assistance for China is no new development. Owing to the unscientific and wasteful methods of revenue collection which obtained under the Manchu *régime* the finances of the country drifted into a condition of chaos. Even had there been no Revolution the Manchu Government would have been compelled to float a large foreign loan to carry out the reforms and reorganization that had been promised. Some tentative steps in this direction had already been taken before the gathering of the wave of revolution which swept the Manchu dynasty from the Throne.

From the outbreak of the trouble until the Abdication both parties strained every endeavour to obtain foreign financial assistance. The loyalists under Yuan Shih-kai were on several occasions within a hair's-breadth of obtaining the funds which might have saved the dynasty, but the vigilance of the Revolutionary Junta at Shanghai defeated all these efforts. Similarly the Revolutionaries were hampered by the impossibility of raising loans, and, although they kept a stiff upper lip, they were really in financial straits as serious as those by which the North was encompassed. When the Abdication Edict was finally signed and President Sun Yat-sen resigned in favour of Yuan Shih-kai, the Government were absolutely without funds. Moreover, there was a large number of troops under arms whose pay was in arrear, much money had been borrowed from domestic sources, the taxation machinery was completely out of gear and the nation had been promised that under the new

régime there would be reform, reorganization and progress. Furthermore China's foreign obligations had been steadily banking up during the period of disturbance, and although not immediately pressing would have to be met sooner or later. It was obvious to those at the head of affairs in China that the only way out was by the negotiation of a huge foreign loan.

This necessity was recognised by the foreign Powers most interested in China. They saw that it was essential in the interests of commerce that order should be restored as quickly as possible. This led to the combination known as the Four Power Group, consisting of financiers representing Great Britain, America, France and Germany, which came into existence in 1909 in connection with the Canton-Hankow Railway Agreement, opening up negotiations with Yuan Shih-kai's Government. An advance of Tls. 2,000,000 was handed to the Provisional Government in February, 1912, and a further Tls. 1,100,000 in March. On March 9 Yuan Shih-kai arranged with the Group for regular monthly payments to cover current needs and gave it a firm option upon the Reconstruction Loan of £60,000,000. On March 14 the Group learnt that Tang Shao-yi had negotiated with a Belgian Group an independent loan for £1,000,000, and this led to the first of a long series of disappointments and delays. The Group suspended further payments, but negotiations were still carried on. On June 19 Russia and Japan, upon the suggestion of Tang Shao-yi, entered the Consortium, which became known as the Six Power Group until the withdrawal of America on March 19, 1913. The Six Power Group insisted as conditions precedent to any large loan:

First, that the purposes for which the funds were required, should be stated by the Chinese and approved by the Group.

Second, that China should adopt a system of audit which would insure the effective expenditure of loan funds for purposes specified.

Third, that the salt taxes to be hypothecated for the service of the loan should be administered either by the existing Maritime Customs organization or by a separate service like the Customs under foreign direction, thus safeguarding the proper administration of the security despite the possible continuation or recurrence of unsettled conditions in China.

China would not agree to those terms, and an attempt was made to float an internal Patriotic Loan, but this failed.

The Group continued to make small monetary advances, but no progress was made towards a settlement of the deadlock. While negotiations with the Group

continued China was seeking for support elsewhere, and on August 30 the much discussed Crisp Loan Agreement was signed. It is, perhaps, unnecessary again to weigh the arguments *pro* and *con* in regard to the Crisp Loan. We went into the matter very exhaustively in October and we see no reason to modify in any way the opinions we then expressed. The Loan was floated in the face of the opposition of the British Foreign Office and only added one more to China's rapidly accumulating complications. As a financial experiment it was a failure from every point of view, except perhaps that of those whose interest was restricted to securing promoters' profits. And some of these people, euphemistically termed by Mr. Crisp "side-helpers," are believed to have found their visions of affluence fade as fades the mirage. It is interesting to recall that Mr. Hsiung Hsi-liang was Minister for Finance when this Loan, which was saddled upon the underwriters to the extent of forty per cent., was arranged. The price of the bonds to China was 89 and the Loan was nominally for £10,000,000. Only one-half was issued. It soon became apparent that the inspired reports that the loan would be a success were inaccurate, but even before this fact was established the Chinese Government had again approached the Group. It must be remembered that the Crisp Loan negotiations had been conducted secretly, but the fact that the Loan had been signed became known early in September.

On September 15 the Minister of Finance approached the Group and expressed a wish to continue the negotiations, and promised to refuse to accept any payments under the Crisp Agreement. On September 17, however, it was reported that £500,000 had been paid as a preliminary instalment of the Crisp Loan. On the same days at a secret session the Advisory Council approved of the resumption of negotiations with the Group, but stipulated that no agreement should be concluded without being submitted to the Council. It was reported that at this session the Council showed a readiness to accept supervision to a certain degree. The conditions proposed by the bankers had been modified somewhat, but the proposals included, as before, inspection of expenditures and the employment of foreign experts. In the Salt Gabelle a reorganization was proposed, and the Group was to be the Government's financial agent for a period of five years.

Matters were beginning to look hopeful and the Government asked for an advance of Tls. 1,500,000, but by September 23 the Government absolutely refused the Group's terms. These the Group declined to modify and another deadlock resulted. The attitude of the Government was doubtless due to the fact that the first half of the Crisp Loan had been floated, thanks to the underwriters. A fly in the ointment, however, was an official protest made

by Sir John Jordan, the British Minister at Peking, against the Crisp Loan. At the same time Sir John Jordan presented a detailed list of China's floating liabilities which would become due at the end of the year, which totalled about £10,000,000.

A report by Mr. Hsiung Hsi-liang, who had ceased to be Minister of Finance, that post being taken by Mr. Chou Hsueh-hsi, to the President, was published about this time, in which he declared that after the admission of Japan and Russia to the Group on June 19 and the London Conference which followed, fresh and more onerous conditions were proposed. These he rejected, and proposed that the Loan should be reduced to £10,000,000. On July 7 he asked for an advance of Tls. 7,000,000 to relieve the provinces, but the Group declined. Mr. Hsiung thereupon ordered the provinces to make their own arrangements. This was his account of the events leading up to the deadlock, which was held in certain quarters to have justified the arrangement of the Crisp Loan.

When it became known that the refusal of the British Government to give official recognition had led to the practical failure of the Crisp Loan, hopes began to revive that China would see that it was in every way to her advantage to endeavour to conclude a satisfactory arrangement with the official Group. But a new element was introduced at this stage.

On October 8 it became known that Montenegro had declared war against Turkey and that the much-dreaded "War in the Balkans" was no longer a possibility to be feared, but a fact to be faced. It was inevitable that this should materially affect China's chances of obtaining financial accommodation. For years it had been believed that a war in the South-East of Europe would almost certainly lead to a general conflagration, and the fact that all the Great Powers were staggering under the weight of their military equipments was thought by many to favour the belief that war would be considered less costly than a continuance of armed truce. Naturally in the state of uncertainty that prevailed European capital was not likely to be sent abroad.

The political character of the negotiations, which had, of course, always existed to some extent, became greatly more marked from this time on. Broadly speaking it may be said that the policy of all the Powers in China, except America, was dictated henceforward by European exigencies. Even from the first there is reason to believe that the policy of Great Britain in China was largely dictated by her obligations to the other members of the Triple Entente, and naturally the necessity for adopting that course became the greater when the Balkan complications thickened. There are some who think that about this time the

understanding between the diplomatic and financial representatives of the Powers in China, began to weaken and that thereafter the diplomats and the bankers regarded each situation that arose from a different standpoint.

The Belgian Loan for £10,000,000 for the construction of the Lanchow-Hai-chow Railway came upon the tapis at this period. The full terms of the Agreement for this Loan were published in the FAR EASTERN REVIEW of March, and it is therefore unnecessary to give them here. This did not, however, affect the negotiations with the Group which were still carried on.

A manifesto against the Six Power Loan was issued about this time by the Republican Party, the Nationalist Party, the Nationalist Association and the Republican Construction Debating Society urging a boycott of the Banks, but the appeal was unheeded by the sage business people. A notification was made by the Waichiaopu to Sir John Jordan that the Crisp Loan contract had been concluded, but the notification was refused. The Ministry of Finance meantime had sent to the Tutuhs a circular telegram stating that the proceeds of the Crisp Loan up to the end of the year would only amount to \$26,000,000, while the total liabilities during the same period would reach \$81,200,000.

A formal protest was made to China on October 29, both by the Powers and the Group, against the hypothecation of the surplus revenues of the Salt Gabelle to the service of the Crisp Loan as it was already pledged for the Indemnity. It has been stated that the Chinese Government deliberately allocated the revenue of the Tientsin Salt Gabelle in order to bring about the protest, with a view to making it impossible to carry out the terms of the Agreement with Mr. Crisp, and thus afford an opportunity to reopen negotiations with the Group. We give the statement for what it may be worth.

In any event, negotiations with the Group were reopened upon the initiative of the Minister of Finance on November 5, but the Crisp Loan proved to be a serious obstacle. The Group asked for the cancellation of Clause XIV of the Crisp contract, which provided that China could not close any other loans until the Crisp Loan had been entirely issued, and negotiations were opened between the Chinese Government and Mr. Crisp for a cancellation of the Agreement. Later it was announced that Mr. Crisp had received £150,000 for the cancellation of his rights. November ended without any finality to the negotiations being in sight. Mr. Hsiung Hsi-liang, who at this time held a characteristically Chinese post of "Financial Commissioner" with, apparently, power to float loans irrespective of the Minister of Finance, suggested an internal loan of \$100,000,000, but this came to nothing.

December opened with negotiations still proceeding, but there was strong sentiment, vigorously voiced in the *Peking Daily News*, against concluding any loan to which Russia was party in view of the Urga Agreement by which Russia recognised Mongolia's autonomy. The *Peking Daily News* was then unaware of the existence of an old agreement between Russia and China whereby the former was accorded the right to be represented by an adviser in any scheme to supervise China's finances. However, matters proceeded smoothly and the negotiations were making good progress on December 11. It was then announced that the Loan would be £25,000,000, and that if satisfactory terms were arranged the Government would give an undertaking to come to terms with Mr. Crisp. The question of supervision was to be solved by the institution by China of an Audit Department conducted on efficient lines under foreign officials selected by China. These terms were submitted to a conference of bankers in London, and on December 16 it was announced that with some slight modifications the proposals afforded a suitable basis for negotiation. The Advisory Council held a secret meeting on December 27, at which Mr. Chao Ping-chun, the Premier, and Mr. Chou Hsueh-hsi, Minister of Finance, were present, at which, it is stated by the Government, it was agreed that the Loan should be for £25,000,000, at five per cent., and that the Government could conclude it.

China, in view of the fact that the Boxer Indemnity was due, asked the Powers to agree to a postponement of the payment for a year, but Russia and Italy objected. The Indemnity was not paid, but the Legations attached no serious importance to this, as on December 30, when it was optimistically announced "the last details of the Six Power Loan were practically concluded," it was stated that the Indemnity would be paid as soon as the Loan monies were received.

It was freely rumoured during December that Russia was deliberately trying to stop the Loan by insisting upon immediate payment of the Indemnity and threatening to take measures towards foreclosure. Whether this be so or not she showed more insistence in this connection than the other Powers. There were other points that continued to prolong the discussions. One was the rate. China wanted 5% interest

and a fixed rate of issue while the Bankers now wanted 5½% interest and six points below issue price. Another point raised, it is stated, by French and Russian interests further to delay the Loan, related to an adequate sum to be set apart from the proceeds of the Loan to pay for damage caused during the Revolution to foreign property. The sum named was £2,000,000. China objected at first and the point was discussed for days. The year 1912 ended with China on the edge of what correspondents called "the precipice of bank-

this money undoubtedly led her to assume a stronger attitude in the negotiations than she would have adopted had she known that her hopes of succour from this quarter were doomed to disappointment.

However, notwithstanding the fact that there were strong rumours towards the end of December that considerable wire-pulling was being done by France and Russia, a step onward had been made by December 31, when the negotiators agreed that the general loan terms were satisfactory and that the Agreement could be printed. China asked for an immediate advance, and the Groups wired home for instructions.

The anxiety of the Government to obtain funds is easily understandable when it is remembered that the Boxer Indemnity was in arrears to the extent of £3,000,000, and that there were numerous other obligations entirely unprovided for. The advance was not made, as there were several points still unsettled. China had not yet agreed to set apart £2,000,000 for compensation for damage during the revolution and she demanded a rate of 89 for the 5 per cent. loan instead of 88. The question of auditors was to the front at this stage and the diplomats were playing a much more prominent part in the negotiations than before.

The Government wished to meet the views of the diplomats if possible, but it was anxious that anything relating to the advisers should not be mentioned in the actual Agreement, fearing condemnation by their own people. The general impression at this time was that the Agreement would be signed. The Government were asking for an advance of £5,000,000 and the Banks had agreed to give them £2,000,000 as soon as the Loan was signed.

On January 6 France declined to make any monetary advances at all in view of the dangerous tension in Europe, and this prevented the advances, to which all the other

Powers had agreed, from being made. The negotiations still dragged. France, Russia and Germany evinced an indisposition to commit themselves to an acceptance of the proposals.

On January 17 the Group informed the Government that owing to the European situation they could not guarantee that advances would be made on any particular date. In his reply Mr. Chou Hsueh-hsi pointed out that advances of two sums of £2,000,000 and one of £3,000,000 had been definitely promised for certain months, that it was absolutely necessary



CHINA'S REORGANISATION LOAN.—Mr. Hsiung Hsi-liang, who was Minister of Finance when the Crisp Loan was contracted

ruptcy," and woeful stories of what would happen in the immediate future if China further delayed in arranging the Loan, were cabled abroad. An endeavour was made by the Government to come to an arrangement with Mr. C. Birch Crisp to advance the February instalment of his Loan which amounted to £1,780,000 by January 15, but although the Government thought that this could be done the arrangement was never completed. There was a misunderstanding, and the fact that China confidently expected that Mr. Crisp would pay over

that the Government should have money and that unless the advances were made at once the Government would feel themselves at liberty to contract loans from outside the Group.

Fruitless efforts then began on the part of the Chinese Government to obtain loans on the terms previously agreed to by the Group from the numerous representatives of financiers who infested Peking. It had been cynically remarked that at that period every second man in Peking represented "the strongest financial syndicate in the world," and had assured the Minister of Finance that he could raise with ease £100,000,000 for China on her own terms. When it came to a show down, however, it proved to be a show up for these optimistic agents, and no loans materialised.

The Advisory Council about this time authorised a 6 per cent. domestic loan, of which something more was heard in February. In regard to this loan, however, the disinclination of the Chinese to invest their savings in Chinese Government securities was once more shown. Discussions had been going on before this among the diplomatic body in regard to the Indemnity, and it had been finally decided that the amounts lying in the banks at Shanghai should be divided among the claimants.

Although several people were at this stage offering loans to the Government, negotiations with the Group had not been officially broken off. The points at issue were: appointment of auditors and compensation for losses during the Revolution. Early in January the Minister of Finance and the Minister of Foreign Affairs had agreed in principle to the appointment of auditors, but had said that "China would agree to the payment for losses during the Revolution in the fighting areas, but not elsewhere, whilst the question of auditors would be referred to later." The Government were still extremely anxious that there should be no reference to supervision in the Agreement on the plea that the Assembly would probably object. This is interesting in view of the fact that in May the Government claimed that the Agreement had passed the Assembly in December.

The diplomats were taking the most prominent part in the negotiations at this stage. The French and Japanese Ministers were appointed by the diplomatic body to interview the Minister of Finance and the Minister of Foreign Affairs and to endeavour to secure a settlement of the outstanding difficulties. The French Minister, however, still insisted upon the original terms in connection with losses during the Revolution and in regard to the auditors.

There were indications towards the end of January that the Group was in danger of breaking up. The British and Germans showed signs of a desire to break away and opened up direct negotiations with the Minister of Finance. These went on for some days, and by January 25 the British and German bankers had

prepared a letter setting out certain proposals to be sent to the Minister of Finance. The French Bank Manager objected however, saying, it is reported, that if the letter were sent in he would offer better terms and take over the whole loan. These negotiations then dropped.

In the meantime independent financiers were endeavouring to get a footing, and Mr. Crisp made an offer, which, however, was rejected. Pressure was being brought by the Chinese Government to bear upon Mr. Crisp to pay immediately the balance of the first half of his loan, which was due in February.

By January 27 there was a better feeling between the Government and the Group, and it began to be hoped that the long negotiations would be brought to a satisfactory conclusion. The terms in regard to the Agreement itself and to advances had been arranged and the only question of importance outstanding was in regard to appointing the foreigners in accordance with the Agreement. The French Minister insisted upon supervision and also demanded that France should be allowed to place the bonds at a rate that would compensate for the tax imposed in France for listing bonds.

By January 31 the question of foreign advisers had been practically settled, China agreeing that they should be appointed upon joint consideration and finally approved by the Foreign Ministers. It was a matter of general knowledge that Herr Rump, a German, Mr. J. F. Oiesen, a Dane, Signor Rossi, an Italian and Mr. T. T. H. Ferguson, a Dutchman, were the four from whom the selection would be made, and there had been no indication up to this time that exception would be taken to the appointment of any one of them. Admiral Tsai Ting-kan had already been appointed Chief of the Salt Inspectorate.

January ended therefore with the belief prevalent that before the Chinese New Year (February 6) the contract would be closed, but certain correspondents still despatched most apprehensive cablegrams in regard to the fate of the country if money were not forthcoming by the Chinese New Year, while pessimism ruled in Peking and the country generally.

On February 3 it became definitely known that the final arrangements were that the Loan was to amount to £25,000,000 at 5½ per cent. and that the bonds were to be issued at 96½ in London and at 97½ in Paris. Amortisation was to begin in the sixteenth year, China to have the option of redeeming or converting after the fifteenth year on six months' notice. In regard to advances the Group agreed to give £2,000,000 immediately the contract was signed, a further £2,000,000 in February and £3,000,000 in March. The first advance of £2,000,000 was to be made against Treasury Bills bearing interest at 7 per cent. and was to be shared equally by the six banks. Although the French were trying to secure the

appointment of a Frenchman as one of the advisers, it was generally believed that the Loan would be signed on February 4.

In the afternoon of February 4 Admiral Tsai Ting-kan waited upon the various foreign Ministers and told them that the proposed advisers were Mr. Oiesen for the Salt Gabelle, Signor Rossi for the Audit Department and Herr Rump for the Loan Department. At six o'clock that evening a meeting of the Foreign Ministers was held, at which these names were considered. The French Minister said that a French adviser should be included. It was pointed out that the advisers were independent, but the French Minister claimed that as Herr Rump was a German he could not be considered independent. The British and American Ministers declared themselves agreeable to the nominations. There was considerable discussion, the French Minister insisting that as France would supply the bulk of the money it was only right that she should be represented by an adviser. The suggestion was made that there should be two advisers to each post, but another proposal put forward was that as Great Britain, France and Germany would supply the bulk of the money, they should share the three posts. The Russian Minister pointed out that as the bulk of the Boxer Indemnity, which was charged upon the Salt Gabelle, was due to Russia, and inasmuch as Great Britain already had the Customs and France the Post Office, a Russian should be appointed auditor. Finally it was decided that the Ministers should telegraph to their respective Governments for instructions.

It was understood that China might be prepared to suggest Mr. T. T. H. Ferguson, whose name had already been mentioned, instead of Herr Rump, but it was thought very unlikely that the German Minister would agree to Herr Rump being set aside in the circumstances. It is interesting to recall that the French Minister had some time previously objected to the nomination of Mr. Oiesen on the ground that no Danish money was being invested, though he subsequently withdrew the objection. On the other hand, exception was taken to Herr Rump because German money was being invested. The action of the French Minister was bitterly denounced by the Chinese press. "All illusions concerning the sincerity of French professions of disinterested friendship for China were rudely shattered by the unexpected developments which occurred in what was believed to be the final phase of the negotiations yesterday," declared the *Peking Daily News* of February 5 and elsewhere in the same article the opinion was expressed "That she (France) will now share to the full the hatred which Russia's actions have engendered in the minds of all patriotic Chinese is the least retribution that can overtake her." The French were, however, unperturbed. One prominent Frenchman declared that

the French attitude was a sound one and that France did not care a flip if the *Peking Daily News* urged the Chinese to hate France and boycott her. France, he said, had nothing to boycott, and French money would be restrained from coming in until ample safeguards were secured.

On February 5 the Minister of Finance presented a Note to the Group stating that China now felt that she was free to go elsewhere for money. The Government telegraphed to the Chinese Ministers abroad telling them to endeavour to arrange for loans. Negotiations were opened up with the London City and Midlands Bank for a loan of £10,000,000, but they came to nothing owing to the non-support of the British Government. The Chinese Minister in London telegraphed to his Government that no money was available unless negotiations with the Group were definitely and finally broken off.

The diplomats were still discussing the complication, and it was suggested that there should be a British adviser to the Salt Inspectorate, a German to the Loan Department and joint French and Russian advisers to the Audit Department. This proposal was at first objected to by the German Minister.

The President on February 20 promulgated the regulations governing the issue of 6 per cent. bonds to the extent of \$200,000,000, to which reference has already been made. The money was to be used to provide capital for the Bank of China; to pay off various small loans and to redeem provincial notes.

The following day it was reported that the Minister of Finance had submitted a secret memorial to the President advocating an immediate and final rupture with the Group. This was the unhappy state of affairs at the end of March.

It was believed that Germany would agree to the appointment of a British subject to the Salt Gabelle if Germany were given control of both sections of the Tientsin-Pukow Railway, but the suggestion was not received favorably by Great Britain. A meeting of the diplomats was held on March 3, and at this gathering Germany withdrew her objections to the appointment of a British Adviser of the Salt Gabelle on the understanding that a German would be appointed as co-Director, with another German Adviser to the Loan Department, and a Frenchman and a Russian to the Audit Department. In regard to the Tientsin-Pukow Railway,

the British said that that matter could be discussed on its merits later on.

The Chinese were very indignant at these proposals, and their indignation knew no bounds when they were submitted formally to the Government, and it was found that the expression foreign "Directors-General" had been employed instead of "Advisers." Although it was explained that a mistake had been made, the Chinese continued to believe that the misdescription was intentional and betrayed the real object of the diplomats. On March 8, however the *Peking Daily*



CHINA'S REORGANISATION LOAN.—Mr. Chou Hsueh-hsi, who was Minister of Finance when the Reorganisation Loan Agreement was finally signed.

News officially stated that matters had not been affected by the "mistake" in the designation of the advisers.

The Minister of Finance wrote to the Group on March 11 recapitulating the efforts that had been made to reach a conclusion of the negotiation and pointing out that, after the Group had expressed itself themselves satisfied with the foreigners it was proposed to appoint, they had not signed the contract, although they had agreed to do so. (This letter and the reply from the Group were published

in the March number of the FAR EASTERN REVIEW and consequently need not be quoted textually). Mr. Chou's letter did not definitely break off negotiations and the Group in their reply expressed the hope that at an early date it would be possible to carry them to a successful conclusion. On the same date the Group sent a letter to the Minister of Finance in the following terms:—

"We beg to point out to you that payment has become due of Treasury bills for the provisional advances made under the letters of agreement dated February 28 and March 9, 1912, supplemented by subsequent correspondence fixing sterling amounts and the rates of exchange between the sterling and other gold currencies as follows:

Due Feb. 28,
1913, £48,798 15s 11d.
Marks 999,643.42
Francs 1,232,413 60
U. S. Gold \$237,894.13
Roubles 463,198.21
Yen 480,480.42

Due March 9,
£26,426 8s 7d.
Marks 541,345.32
Francs 667,399.36
U. S. Gold 128,828.84
Roubles 250,839.63
Yen 260,198.69

We have the honor to ask that you will be so good as to notify us on an early date of the arrangements made by the Chinese Government for the payment of the above amounts.

We have to add that under instructions from our Groups interest at the rate of 7½% per annum is chargeable upon the above amounts from their due dates until date of payment."

On March 18 the Minister of Finance replied to this letter stating that owing to the large loan not having been concluded the Chinese Government found itself unable to repay the Treasury Bills and expressing a desire that they should be renewed for another term of one year or six months.

The representatives of the Group replied on March 19 as follows:—"We have the honor to acknowledge receipt of your letter of yesterday's date, from which we note that owing to the large loan not having been concluded the Chinese Government finds itself unable to repay the Treasury Bills representing the advances of February 28 and March 9, 1912, which became due on corresponding dates of this year, and that you desire that these shall be renewed for a further term of one year or six months. It reply we have to state that we do

not feel in the position to lay this request before our Groups, unaccompanied as it is by any definite statement of the arrangements which the Chinese Government has in view for the payment of these amounts, asked for in our letter to you of the 14th.

We regret, therefore, that it becomes necessary for us, in conformity with the usual procedure, to notify our Legations of the failure of the Chinese Government to meet the obligations in question."

At a later date the Groups notified their respective Legations as above.

The object of these letters was evidently to impress upon the Chinese Government the fact that it was in default and that consequently there was an element of danger in the independent negotiations then being carried on.

The Government were, however, bending every effort to raise loans in other quarters. There seemed to be some prospect of obtaining a loan from the Kailash Mining Administration, but this fell through owing to the non-support of the British Government and a similar fate overtook other proposals. Mr. Crisp offered to raise £20,000,000 if the rate of interest on his original loan of £10,000,000 was increased to 5½ per cent. If that were done, he said, he would issue immediately the second half of his original loan and the other £10,000,000 very shortly. The Chinese Government rejected the proposal.

On March 18 the American Group withdrew from the Consortium in circumstance which were described in our March issue. In many quarters it was believed that the Group would break up in consequence of the withdrawal, and there was renewed activity among the independent lenders.

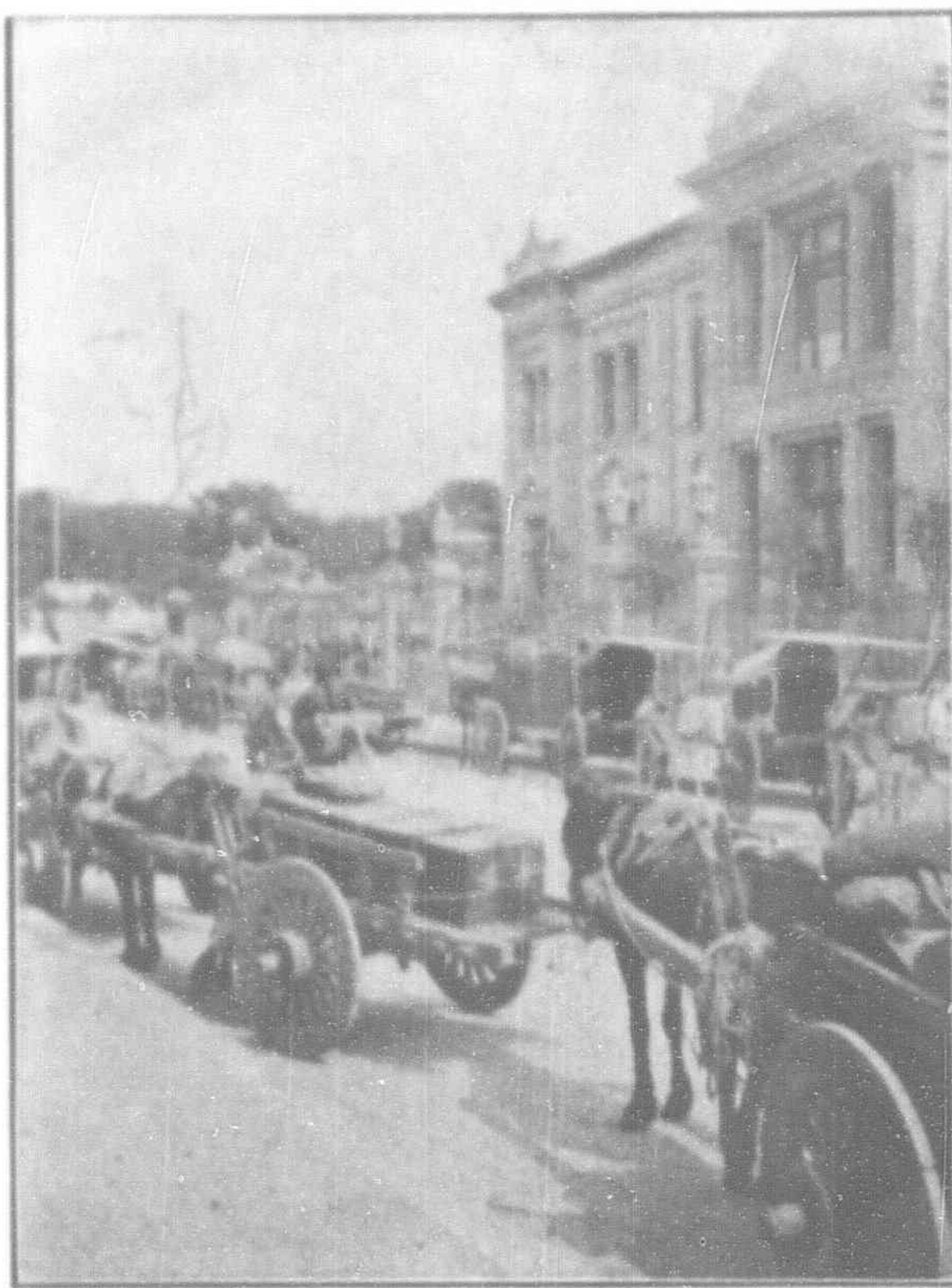
An international syndicate composed of English, French, Belgian, Dutch and American Banks began seriously to negotiate with the Minister of Finance. Another syndicate, headed by Reuter's Telegram Company, was also in the field, both working secretly and unbeknown to the representatives of the Group.

Upon the suggestion of the Chinese Government the syndicates joined forces, and on March 25 a draft agreement was drawn up and signed by the Peking representatives of these syndicates. This loan was to be for £30,000,000 at 5½ per cent. and the Crisp Loan, which was to be converted to one of 5½ per cent., was to be taken over by this Loan. Later Reuter's withdrew, the explanation given being the interference of "political influence." The international syndicate continued negotiating and things progressed so far that the draft agreement was printed and the prospectus prepared for issue. Everything was ready to be signed on April 25, the day before the Big Loan was signed.

The knowledge that these negotiations were nearing conclusion may not unlike-

ly have hastened the dramatic proceedings which took place on April 26. However that may be, at the last moment the Chinese Minister in London informed the international syndicate that he had been ordered not to sign an agreement with them, and although the syndicate wired to Peking that it was ready to complete the arrangement the Minister of Finance did not accept the offer, informing the Peking representatives that it would not be expedient for the Government to do so and urging him to permit the Government to cease negotiations.

Relations between the Group and the Government became very strained after the disappointment on February 4 and when in March the Americans withdrew, it began to be freely prophesied, as



CHINA'S REORGANISATION LOAN.—Peking Carts waiting outside the Russo-Asiatic Bank, Peking, to be loaded with silver dollars.

already mentioned, that the end of the Consortium was in sight. But an intermediary effected a reconciliation and, as we have stated, facts were brought to the attention of the Group which caused them to hasten the signing of the Agreement.

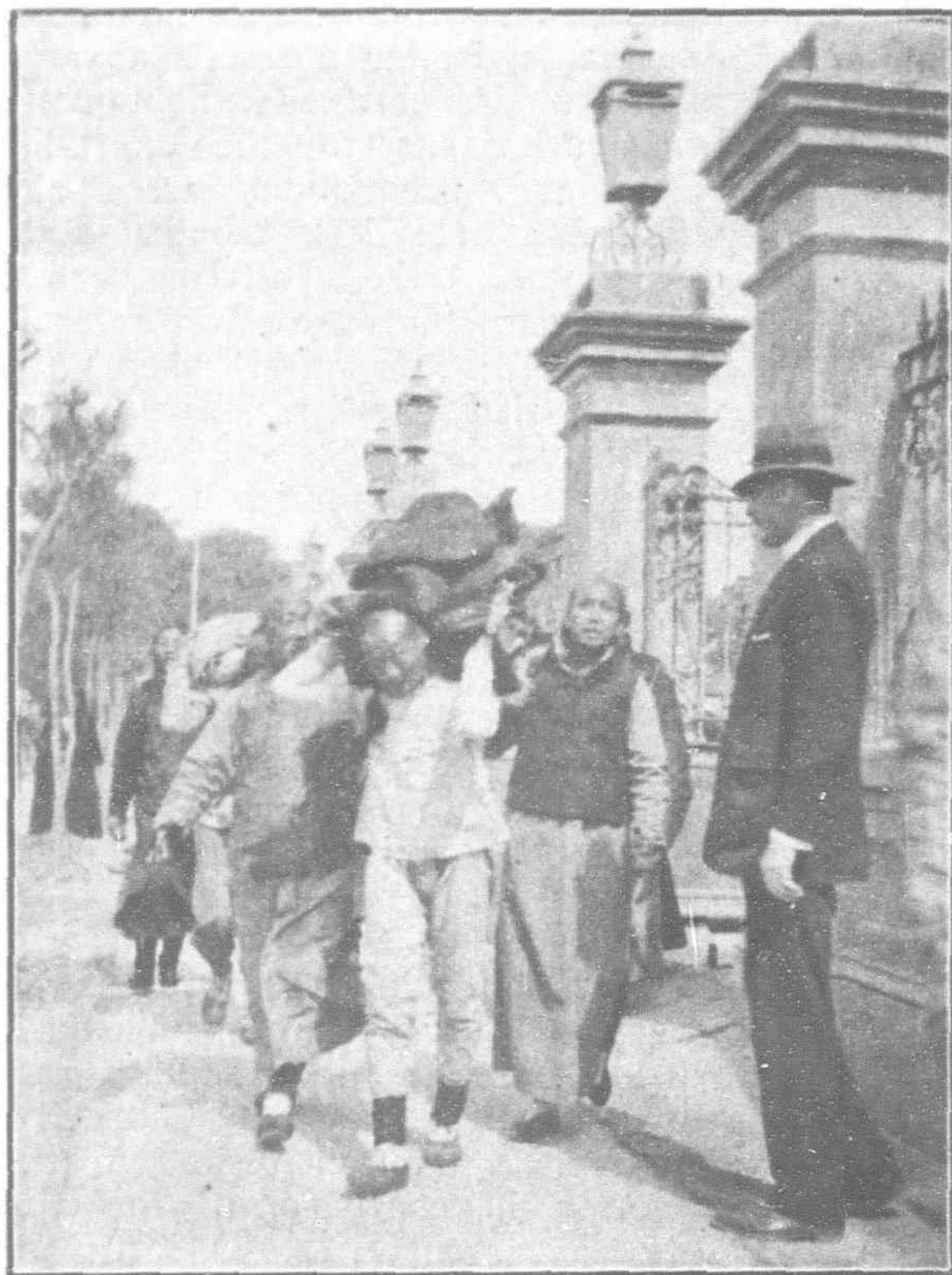
It was reported on April 24 that the Russians were again trying to block the Loan, but the British insisted that it should be concluded. The Minister of Finance suddenly departed for Tientsin on April 24, it was said to avoid signing the Big Loan, but there is ground for supposing that he had another object in view. A special train with four delegates from the President was sent with peremptory orders for him to return. He returned by the special train on April 25.

An impromptu meeting of leaders of the Kuomintang decided to send letters to the President urging that the Loan should be put before Parliament. The next morning, however, it became generally known that the Loan was actually to be signed that day. There was much activity in consequence in political circles, and early in the morning the Speaker and Vice-Speaker of the Senate sent letters to the President and Minister of Finance again urging that the matter be put before Parliament. The President replied that permission had been given by the Advisory Council and that, therefore, there was no need to take the course suggested. He said that he was sending Mr. Liang Shih-yi, his Chief Secretary, to explain. The Senators waited for Mr.

Liang from 10 a.m. until 4 p.m. when he arrived and stated that the Government was justified in going ahead, and that the Loan had been signed. As a matter of fact the Agreement had been initialled, but not signed, and the Senators learned that the formal signing would take place that night (April 26) at the Hongkong and Shanghai Bank. The Vice-Speaker of the Senate called upon the Manager of the Hongkong and Shanghai Bank after 9 p.m. and there met three of the other bankers. He urged that it would be an unconstitutional procedure to sign the Agreement before it was submitted to Parliament. The bankers replied that they could only deal with the Government. The Government had ordered the signing of the Loan and their Ministers had instructed them to go ahead. They dealt with the Government through the ordinary channel, the Waichiaopu, and could not do anything but sign the Loan since the Government had agreed and the Foreign Ministers had approved. The Senators further discussed the matter and decided again to see the bankers. At about 11 p.m. the Speaker, Vice-Speaker and one or two others went to the Bank and sent in their cards. They were told that

Mr. Hillier, the Manager of the Hongkong and Shanghai Bank, was in conference with the representatives of the Government and could not see them, whereupon they went away. The statement in the press that they hung about outside the the Bank is inaccurate.

The Premier and Minister of Finance met the bankers at the Hongkong and Shanghai Bank as arranged on this night (April 26) and the Agreement was then gone through finally preparatory to signing. When Clause 17 was reached (in the original Agreement this clause set out that the Government would not proceed to the issue of any loan or loans having a Government guarantee, concluded later than December 1, 1912, for a period of six months after the complete issue of the present loan) the Minister of Finance asked if the date could be



CHINA'S REORGANISATION LOAN.—Coolies carrying bags of dollars to the Peking Carts. Outside of every bank at Peking on the days following the issue of the loan funds to the Chinese Government, coolies were to be seen staggering under bags of dollars.

changed to April 10, 1913. When the bankers asked why this should be done the Minister admitted that he had signed a loan with Austrian financiers on that date (details of which we give elsewhere). After this disclosure the bankers would only sign the Loan with reservations, as it was necessary to refer this development home. This reservation permitted the bankers to withhold payment of the advance of £2,000,000, which would otherwise have become payable as soon as the Agreement was signed. The actual loan contract with the reservation mentioned was signed at 11 p.m. on April 26, but the numerous other documents kept the parties busy until 3 a.m. on the 27th, (the day of universal prayer for China) when the conclusion of the long delayed Agreement was celebrated by a toast.

The Premier had been alarmed at the feeling aroused in Kuomingtang circles when it was known that the Loan was to be signed that night, and arranged by telephone from the Bank that detectives armed with revolvers should be posted in the dark corners in Legation Street. Outside the Legation quarter, the whole street was lined with guards so that the Premier and his colleague could drive home safely. They left the Bank at full gallop and continued at this rate for the whole journey to escape the effect of any bomb which might be thrown. There is, however, no reason to suppose that there was any justification for fear that violence would be offered.

The disclosure of the fact that the

Austrian Loan had been signed very nearly wrecked the Loan at the last minute and did prevent any advances being received until May 10 when some \$200,000 was handed over.

The following despatch from the Provisional President was sent to the Senate on May 7, 1913.

The Minister of Finance has submitted to us a statement to the following effect:—

"The Big Loan was concluded in the knowledge that it is absolutely indispensable to the existence of the State. Negotiations between the Government and the Banking Groups had been in progress for a long period and the whole nation realised the exigency of the case. There had been no objection to the loan. We were slow to carry through the Loan only because the terms were very severe. We constantly sought to secure better terms in order to lighten the nation's burden. The interest of the nation had ever been before us. With this view in mind, the negotiations continued for several months, but no definite settlement was arrived at. During September of last year, the essential points of the Big Loan, as decided upon by the Cabinet, were referred to the former National Council. The National Council deliberated upon the subject and approved the terms. Then we carried on the negotiations with these terms as a basis. Numerous changes took place, and more than once the negotiations were interrupted on the brink of consummation. During the latter part of December last year, the Russian Minister pressed for payment of the Boxer Indemnity.

The draft of the Agreement was just then completed, and on December 27th, Premier Chao and I attended the former National Council and reported the past history of the loan negotiations and the pressing demands made by the Russian Minister. The Agreement, with its articles classified according to their nature into special and ordinary ones, was laid before the Council. Each of the special articles was separately passed by the National Council. The Speaker asked the Council whether they would pass the ordinary articles. The Council considered that it was not necessary to pass these, which means that they approved them all and desired the Government to proceed with the negotiations along the lines laid down. Therefore we were fully prepared to sign the Agreement on December 29th in order to avoid undesirable complications. But things took an unexpected turn. On account of the Balkan War, and the consequent financial strain on the European market, which occasioned the rise in rate of interest, and other matters, the Banking Groups upset all the terms previously agreed upon. With new obstacles thrown in the way, negotiations proceeded with utmost difficulty. Several months' efforts led us no nearer to any satisfactory settlement, and the chances of success were very slender. Indeed, at one time things

were so hopeless that we believed the whole proposition would break. But things again changed. It was very fortunate for us that the Banking Groups acquiesced in our terms. The main points of the Loan Agreement we signed were similar to those of the original draft. This was more than the Government had dared to hope. The vicissitudes we underwent and the international complications that dogged the steps of the loan negotiations at every turn were tales too bitter to be recounted. The Government is to serve the people, and to promote the interests of the nation. What has continually been in our mind is to insure the safety of the nation, and while we were absorbed in our efforts to achieve this object, we regard very lightly any accusation that may be flung to us. Since the establishment of the Provisional Government, although the foreign nations have not recognized us as a state, yet we have inherited the obligations of debt from the former Ch'ing Dynasty. The outstanding foreign loan charges, the Boxer Indemnity at the end of last year, and the loan and Indemnity charges due at the present moment, amount to about £12,000,000, and the foreign nations have pressed for payment. If the credit of the nation were not maintained, we tremble for the stability of the nation. Whenever we think of this, we are greatly pained at heart. Moreover, further delay of payment would evoke forcible interference in the administration of our national taxes which served as securities to the various loans. Then foreign supervision of our finance would actually begin and the Republic would be in danger of bankruptcy. If any such thing comes to pass, how can the Government bear the responsibility of it? To allow events to take such a turn without finding means to avert the calamity would be a crime irredeemable. The Loan was an absolute necessity. The signing of the Loan Agreement was brought about by force of circumstances. The fact that the loan was concluded in accordance with the bill passed by the National Council evinces the respect the Government holds for the Parliament, and there is no ground for the accusation that the Government had slighted the Parliament in any manner. As for the contention that the procedure in connection with the signing of the loan was imperfect, we would point out that the session of the Nation-



CHINA'S REORGANISATION LOAN.—Coolies taking delivery of sacks of dollars at the Russo-Asiatic Bank, Peking, for transportation to the Government Treasury.

al Council on December 27 was a secret one, and as a precautionary measure, the Government took up the bill orally, instead of in writing. It was repeatedly announced that the bill was taken up by the order of the President. Considering the grave nature of the bill, can it be possible that the bill was taken up in the name of my private person and without being duly authorized by the President's order? Then the fact that the articles of the Agreement were separately deliberated and passed establishes it beyond doubt that it was not a mere report that was made during that session, and that it was a bill properly taken up. Any doubt on these points can be cleared by close examination of the record contained in the agenda-book of the National Council. As to the charge that the bill had not undergone the regular procedure of the three readings, I wish to say that at the time when the articles of the Agreement were read, I requested that this bill be passed at one sitting and that the procedure of the three readings be dispensed with, which were agreed to by the Council. It was quite in accordance with the 38th Clause of the National Council Regulations regarding the elimination of the Three Readings procedure at the request of the Government. The date of signing the Agreement was also announced at the time and no objection was raised. If there were no change of mind on the part of the Banking Groups, this Agreement would have been signed on December 29th. The above statement is made not in an argumentative spirit to advance our excuses, but as a plain recital of facts. At this juncture when the financial conditions are most stringent, and the debt claims are pressing, if the Big Loan is not concluded, the foundation of the nation will not be firm. The Agreement, already signed, cannot be cancelled. If the Parliament would appreciate the difficulties the Government is labouring under, and approve the act, it would be the good fortune of the state. If not, the only way open is for us (Minister of Finance and Premier) to apologize to the representatives of the people, and take the fault upon ourselves, thus to clearly establish the responsibility."

The above statement, submitted by the Minister of Finance, is now referred to your esteemed House.

The despatch was signed by Tuan Chi-jui, Acting Premier.

NATIONAL COUNCIL AND LOAN

The following is an abstract from the official records of the National Council, dated December 27th, 1912:—

Chairman announced that a Secret Meeting be held.

Premier Chao Ping-chun reported matters.

Time for rest came.

Chairman proposed that they would not take any rest. All the members agreed.

Minister of Finance reported matters.

Chang Yao-tsen, Wang Yung-pao, and Liu Yen motioned that the general idea of the special articles of the bill be decided.

Chairman asked the House whether they agreed to this motion. The whole House agreed, and the motion was carried.

Article 2.—According to Original Text.

Chairman called for decision by raising of hands. Passed by majority.

Article 5.—According to Original Text.

Wang Yun-pao proposed that it would be best if this Article be cancelled. If this could not be done, put it in the Addenda. If this again could not be effected, the original text may be used.

Chairman called for decision by raising of hands. Passed by majority.

Article 6.—According to Original Text.

Chairman called for decision by raising of hands. Passed by majority.

Article 14.—According to Original Text.

Chairman called for decision by raising of hands. Passed by majority.

Article 17.—According to original text.

Chairman called for decision by raising of hands. Passed by majority.

Chairman proposed to the House that the Ordinary Articles need not be decided. All the members agreed.

Chairman announced that Meeting was adjourned. It was 5.55 p.m.

Opposition to the Loan was voiced in the Parliament and in many parts of the country and both Houses of Parliament passed resolutions declaring that the method of signing the Loan was unconstitutional. There is some doubt as to the legality of the vote in the Lower House. The Speaker and Vice-Speaker of the Senate sent telegrams to the Tuhus urging that the Loan was not binding upon China and Dr. Sun Yat-sen wired to London newspapers declaring that to supply the Chinese Government with funds at that juncture would probably result in civil war. The opposition was not without its effect and even after the signing of the Agreement, so late in fact as May 8, the Minister of Finance was contemplating measures to break it off. However it survived, and, with the payment of the advances has become *un fait accompli*. It has been arranged that the Austrian Loan will not be floated until three months after the Big Loan. The latter was issued on May 21 and several days before it was reported that there were indications that it would be unnecessary for any underwriting to be done. The amount offered in London was £7,416,680, in Paris £7,416,600, in Germany £6,000,000, in Russia £2,777,773, and in Belgium £1,388,887. Of the amount offered in London it was announced in the prospectus that £3,000,000 had been applied for before the issue. The lists were to remain open for three days, but were closed within an hour of opening. The Loan had been many times over subscribed, and after closing was quoted at one per cent. premium, sellers.

It has already been announced that it will not be long before China comes in to the market again for a large loan for economic purposes, as the Big Loan, after the satisfaction of matured obligations, including the Boxer Indemnity, the Belgian Loan, the advances from the Six Power Group, etc., will leave little enough available.

No-one who has followed the course of China's loan negotiations since the beginning of the provisional Republican Government, can fail to be struck by the fact that both at the beginning and end, the big Loan Agreement nearly came to grief through China's inveterate habit of financial double-dealing. At the beginning the negotiations were hung up because Mr. Tang Shao-yi contracted the Belgian Loan. There was no necessity for the loan—the Four Power Group, as it was then, was quite prepared to finance China from month to month—and moreover the security for that loan was the Peking-Kaigan Railway which, for obvious reasons, it was extremely undesirable should be hypothecated, particularly to

the Belgian Group. The only possible explanation is that a certain amount of money could be obtained without questions being asked as to the expenditure. Again the negotiations were almost wrecked at the last moment by the discovery that the Austrian Loan had been signed. There are two agreements (which will be found elsewhere) signed with Austrian financiers. They provided for loans of £2,000,000 and £1,200,000 in consideration of the purchase respectively of 12 torpedo boats from the Stalimento Tecnico, Trieste, and 6 torpedo boats destroyers from the Vulcan Shipbuilding Works, Stettin. The torpedo boats are to cost £66,150 apiece and the destroyers £145,057. The actual amount of cash to be paid to China amounts to £1,413,000 and the loans carry 6 per cent. These agreements were never placed before the Parliament, and the Senate has interpellated the Government asking why the Parliament should first hear of them from outside sources, and demanding to know why these obligations were assumed.

It is not without interest to remark the effect of the conclusion of the Belgian Loan in March, 1912. A security that should never have passed out of China's hands was hypothecated and the opportunity of dealing with the Four Power Group was lost. The inclusion of Russia and Japan in the Consortium would probably not have occurred had it not been for the Belgian Loan, and America would not have withdrawn, as the Loan would have been concluded before the new Administration at Washington assumed office. The net result of the conclusion of the Belgian Loan was to bring in to the Group Russia and Japan, and eventually to drive America out. Moreover, the finances of the country drifted from bad to worse and wild-cat financing of the Crisp type became, or was considered, necessary. Notwithstanding the grave lesson taught by the Belgian escapade the Government light-heartedly risked wrecking its chances to obtain the large sum so urgently needed in order to obtain the trifling amount to be realized from the Austrian Loan. What will be the outcome of the latter escapade so far as Parliament is concerned cannot be prophesied. It is certain that the Government will find it hard to give a satisfactory explanation of its action.

THE AUSTRIAN LOANS

As has been pointed out in the main article much astonishment was caused the Bankers on the evening of April 26 when they were informed that two loans had been signed with Austrian financiers for £2,000,000 and £1,200,000 respectively. The discovery came about when clause 17 of the agreement was being considered. That article stipulated that the Chinese Government shall not for a period of six months after the complete issue of the big loan, proceed to the issue of any other loan having a Government guarantee concluded later than December 1, 1912. The Minister of Finance asked that the date be altered to April 10, 1913, and when the bankers asked to know why a change should be made, the Minister confessed to the signing of two loans on that date, which could claim

priority of issue. He declined to state then with whom the loans had been contracted, and merely mentioned the amounts. It was later discovered with whom the contracts had been made, and that a large sum was set aside for the purchase of torpedo boat destroyers. After much discussion the bankers agreed to sign the big loan provisionally, pending instructions from the head offices, with whom they communicated by telegraph, informing them of the loans mentioned. An effort was made to have the Austrian firms taken into the Group, but that was not entertained. Discussion of the subject was carried on from April 27 until May 9 before any settlement could be come to, and then the big loan was ratified on the understanding that the Austrian loans would not be floated until three months after the big loan had been issued.

The terms of the Austrian loans indicate how desperate the Government was in its search for money, as they show that the Government was prepared to pay large sums for torpedo boats for which there is absolutely no need merely in order to obtain ready money.

THE £2,000,000 LOAN

The agreement for this loan sets out that Chou Hsueh-hsi, Minister of Finance, was authorised to act for "and on behalf of the Chinese Government and with the sanction of the National Council," that sanction being defined as sufficient on the ground that the Minister of Finance had already "obtained the sanction of the National Council to a loan for the equivalent of £20,000,000, and the above loan shall be deemed to be made in pursuance of such sanction and to constitute part of such loan." Messrs. Arnhold, Karberg & Co. acted on behalf of "a group of Austrian bankers," who agreed to lend £2,000,000, "part of which is to be applied to the purchase of certain torpedo boats," the amount sufficient to make the payments for the boats to be retained by the firm. It was stipulated that the Minister of Finance should obtain the issue of a Presidential Order approving the terms of the loan, which were, briefly as follow.

Payment.—Within 45 days of the final settlement of the contract the sum of £1,206,200 was to be paid to the Chinese Government, the balance of £793,800 to be held by the firm "to be applied in payment of the said torpedo boats as provided in the subsidiary contract."

Discount.—8 %, equalling 92.

Interest.—6% payable half yearly, the first payment to be made on June 30, 1913; interest on balance of £793,800 at 6 % to be paid to Government on all sums for the time being in the hands of the firm.

Repayment.—To be made in five years from January 1, 1913, namely: £666,500 on December 31, 1915; £666,500 on December 31, 1916; £667,000 on December 31, 1917.

Security.—The annual revenue derived from the tax on the transfer of title deeds, estimated yearly about \$10,000,000 (subject to the rights of a prior charge held by the loan of £300,000 concluded with the Poldi Huette, Vienna, on March 1, 1913.) The Government will make good any deficit from other sources of revenue. "The security is hereby transferred to an amount sufficient to cover the annual amortisation and interest to the Austrian Minister." So long as interest and repayment are fully paid there shall be no interference in the administration of the tax by the Austrian Minister. The loan shall have priority over all other loans with regard to the title deed tax, and no loan shall be concluded which shall impair the security of this loan.

Price of bonds.—£500. Bonds to be redeemed as follow:

| | | |
|----------|---------|----------------------|
| No. 1 | to 1333 | on December 31, 1915 |
| No. 1334 | to 2666 | " " 1916 |
| No. 2667 | to 4000 | " " 1917 |

When bonds are drawn for redemption payments are to be made at the K & K priv. Landerbank, Vienna, to which bank funds for interest and amortisation are to be remitted by the Chinese Government fourteen days before due date.

Signature.—The contract was signed by the Minister of Finance and Messrs. Arnhold Karberg & Co., at the Austrian Legation.

CONTRACT FOR TWELVE DESTROYERS

The separate subsidiary contract for twelve torpedo boat destroyers, in connection with the above loan, was made between the Board of Navy, represented by Admiral Liu Kuan Shun, Minister of the Navy, and Messrs. Arnhold, Karberg & Co., on April 10, 1913, the boats being ordered "in consideration of the separate loan agreement for £2,000,000."

Type.—The contract sets out that "the twelve Torpedo Boat Destroyers shall be all of the same type and construction as the boat already supplied by the Stabilimento Technice, Trieste, to the said Board, that is to say the machinery shall be of modern type, the capacity to be 400 tons, speed 30 knots, length 67 meters, horsepower 6,000 H.P. and all further particulars, arrangements and special contract conditions shall be exactly the same as agreed upon for the boat already supplied by the Stabilimento Works."

Armament.—The armament shall consist of One 12 pound Cal. Skoda Q. F. Gun with 200 rounds of ammunition. Seven 3 pound Skoda Q. F. Gun with 300 rounds of ammunition for each Gun. Two Torpedo Deck Tubes of 18 inches with 4 Torpedo-type Blackhead (Schwarzkopff-Berlin).

Price.—The price for each boat shall be £66,150 (say sixty-six thousand one hundred and fifty pounds sterling nett).

Delivery.—The Boats shall be delivered at as Trieste as follows:—

| | |
|-------------------|-----------|
| During 1914 | 2 boats. |
| During 1915 | 5 boats. |
| During 1916 | 5 boats. |
| | 12 boats. |

If so desired by the Board, the firm is prepared to deliver the said Destroyers at the Chinese port, but all risk and expenses connected therewith will be borne by the Board.

Payments.—Payments are to be made as follows:—

- £ 16,500 for each boat to be paid after the definite settlement of this contract.
- £ 16,500 for each boat to be paid one week after the launching of the respective boat or boats.
- £ 16,500 for each boat to be paid one week after successful trial of the respective boat or boats.
- £ 16,500 for each boat to be paid when handing over at Trieste the respective boat or boats.

The Board of Navy shall be at liberty to send deputies to the Shipbuilding Yard of the said firm to superintend the construction of the Destroyers and to take delivery of same when completed.

Should the Chinese Government during the life of the agreement desire alteration in the design or in type of the Vessels contracted for by which a difference in price (to be a diminution of, or an addition to, the contract price) might occur, it is mutually agreed that the two contracting parties shall each appoint one deputy, who in mutual consultation shall settle the difference in price so occurred. Should the two deputies fail to come to an understanding both parties will then appoint an impartial third party, whose decision shall be final.

THE £1,200,000 LOAN

The contract for the second loan of £1,200,000 was in terms very similar to the foregoing one for £2,000,000 and was signed on the same date.

Payment.—Within 45 days of the final settlement of the contract the sum of £329,658, being part of the proceeds of the loan, must be paid to the Government, the balance of £870,342 to be held by the firm to be applied in payment of the cost of the torpedo boats as provided in the subsidiary contract.

Repayment.—To be made as follows: £400,000 on December 31, 1915; and similar amounts at the end of the years 1916 and 1917.

Security.—The annual revenue, derived from the tax on the transfer of title deeds subject to a prior charge of the Poldi Huette Loan of

£300,000 of March 1st, 1913, and of the loan of £2,000,000 of April 10, 1913.

Price of Bonds.—£500. Bonds to be redeemed as follows:

| | | |
|----------|---------|----------------------|
| No. 1 | to 800 | on December 31, 1915 |
| No. 801 | to 1600 | " " 1916 |
| No. 1601 | to 2400 | " " 1917 |

CONTRACT FOR SIX DESTROYERS

The separate subsidiary contract for six torpedo boat destroyers, in connection with the above loan, was made between the parties of the previous contract for twelve boats, and differs from it only in the following figures.

Type.—The contract stipulates that "the six Torpedo Boat Destroyers shall be of modern type and construction. The length to be 260 feet; Breadth 27 feet; Draught 8.3 feet; Speed 32 knots; Number of Propellers 2; Horsepower 24,500 H.P.; and Displacement 985 tons. The Destroyers shall be built by the Vulcan Shipbuilding Works in Stettin."

Armament.—The armament of each boat shall consist of two 4 inches 5 Cal. Skoda Q. F. Guns, with 200 rounds of ammunition each.

Four 12 pounds 50 Cal. Skoda Q.F. Guns, with 200 rounds of ammunition each.

Two 3 pounds Skoda Q.F. Guns, with 300 rounds of ammunition each.

Two Torpedo tubes of 21 inches with four torpedoes type Blackhead (Schwarzkopff, Berlin.)

Price.—The price of each boat shall be £145,057 (one hundred forty five thousand and fifty-seven pounds sterling) nett delivery at Swinemunde.

Delivery.—The first boat shall be delivered within 18 months after the definite settlement of this contract; one boat every two months after the first delivery; the shipbuilder not to be responsible for delays owing to strikes or other force majeure.

Payments.—Payments are to be made as follows:

- £ 37,000—for each boat to be paid after the definite settlement of this contract.
- £ 37,000—for each boat to be paid one week after the launching of the respective boat or boats.
- £ 37,000—for each boat to be paid one week after successful trial of the respective boat or boats.
- £ 37,057—for each boat to be paid when handing over the respective boat or boats to the Board

Amended Reorganisation Loan Agreement.

In the March issue of the FAR EASTERN REVIEW the proposed agreement for the Reorganisation Loan of £25,000,000 was published in full.

Since then modifications have been made, but, apart from a few alterations, the document is substantially the same.

Limitations in space prevent the re-publication of the Agreement, but to make it intelligible to those interested we will point out the important changes that have been made.

When publishing the Agreement in March the name of the Banque de l'Indo-Chine was inadvertently omitted. That Bank's name must be included in the second paragraph with the names of the other banks.

The name of the American group and all reference to American currency and interest has been omitted from the revised Agreement.

In Article I the rate of interest has been altered from five and one-half per cent. to five per cent. (5%), and wherever the rate is mentioned in other parts of the agreement it has likewise been altered.

In Article IV the following words in italics have been added in the second paragraph: "If at any future time the annual collection of the Maritime Customs revenues should exceed the amount necessary to provide for all existing obligations charged thereon or which may have become chargeable thereon under existing agreements by reason," etc.

In Article V, second paragraph, the words in italics have been added: "The engagement and

dismissal of these Chinese and Foreign District Inspectors and of the necessary Chinese and foreign staff," etc. . . . It will be the duty of the District Inspectors jointly to superintend the issue of licenses and to collect all fees and salt dues, and to report," etc.

Article IX has been altered to read: "The term of the loan shall be *forty-seven years* (47). Repayments of principal shall commence with the *eleventh* year, and shall be made by yearly sinking fund of .983,97945%: equal to £245,994 17s. 3d., equivalent to 5,030,594.94 marks, 6,211,370.28 francs, 2,329,571.35 roubles, 2,109,765.67 yen, which shall be paid," etc.

The second paragraph of the same article now reads: "If at any time after the lapse of seventeen years from the date of the loan the Chinese Government should desire to redeem the whole outstanding amount of the loan or any part of it not yet due for repayment, in accordance with the schedule to be attached hereto, it may do so up to the end of the thirty-second year by a payment of a premium of two and one half per cent. (2½%) on the face value of the bonds, that is to say, by the payment of £102 10s. for each £100 bond, and after the end of the thirty-second year it may make such extra redemption without premium, but in each and every case of such extra redemption the Chinese Government shall give six months' previous notice in writing to the banks, and such extra redemption shall be effected by additional drawings of bonds to take place on the date of an ordinary drawing as provided for in the prospectus of the loan."

Article XIII is amended to read: "The price of this present loan or any series thereof to the Chinese Government shall be the price of its issue to the public on the London market less a deduction by the banks of six per cent. (6%) of the nominal value of the bonds. The issue price in London to be not less than *ninety per cent.* (90%), securing to China a net price not less than *eighty-four per cent.* (84%) for the entire loan." In the third paragraph of the same Article the word "coupon" is deleted and "half year's interest" used in its place.

Article XVII, second paragraph, the words "December 1st, 1912," have been altered to "April 10, 1913."

Article XX gives the date of the Presidential Order as the "twenty-second day of April, 1913."

Article XXI says: "Eight sets of this Agreement are executed in English and Chinese, three sets to be retained by the Chinese and five by the banks."

The agreement was signed by

Chao Ping-chun (Premier), Lu Cheng-hsiang (Minister of Foreign Affairs), Chou Hsueh-hsi (Minister of Finance), Mr. E. G. Hillier (for the Hongkong and Shanghai Banking Corporation), Mr. H. Cordes (for the Deutsch-Asiatische Bank), M. Henry Mazot and M. R. Saint Pierre (for the Banque de l'Indo-Chine), M. L. de Hoyer (for the Russo-Asiatic Bank), and M. Odagiri (for the Yokohama Specie Bank.)

Agreement for Advances

In our March issue we also published the Agreement for Advances which, of course, had to be altered in accordance with the changes in the main Agreement. In the preamble the name of the Chinese Premier was added to those of the Minister of Foreign Affairs and the Minister of Finance as the contracting parties on behalf of China and the American Group was dropped from the lending groups. The style of the Loan was altered to "Chinese Government Five per cent. Reorganization Loan" and the issue price in London to ninety instead of ninety-six and one-half.

Article I was altered so that of the immediate advance of two million sterling, £400,000; Marks 8,180,000; Francs 10,100,000; Roubles 3,788,000; Yen 3,918,400 were to be held to the order of the Minister of Finance in London, Berlin, Paris, St. Petersburg and Yokohama respectively. This article is otherwise unaltered.

Article II is only altered by an amendment in the style of the Loan as in the preamble.

Article III and Article IV are unaltered and Article V is dropped.

Article VI in the former Agreement for Advances becomes Article V and is amended by the deletion of the words "United States of America."

Article VII, which becomes VI, is amended by providing that eight sets of the Agreement were executed in English and Chinese, three to be retained by the Chinese Government and five by the Banks.

This Agreement was also signed on April 26, 1913, at Peking, by the following:—Chao Ping-chun (Premier), Lu Cheng-hsiang (Minister of Foreign Affairs), Chou Hsueh-hsi (Minister for Finance), Mr. E. G. Hillier (for the Hongkong and Shanghai Banking Corporation), Mr. H. Cordes (for the Deutsch-Asiatische Bank), M. Henry Mazot and P. Saint Pierre (for the Banque de l'Indo-Chine), M. L. de Hoyer (for the Russo-Asiatic Bank) and M. Odagiri (for the Yokohama Specie Bank).

Annexes to the Reorganisation Loan Agreement.

Attached to the Reorganisation Loan agreement are six annexes setting out the amounts needed by the Government. The loan will be disbursed according to these statements. They are as follow:—

Annex A. LIABILITIES DUE BY THE CHINESE GOVERNMENT.

| | |
|---|-----------------|
| Arrears of Boxer Indemnity to 31st December, 1913, estimated at about | £ 2,000,000 |
| Repayment to Group Banks, with accrued interest, of sundry advances already due, as per detailed statement to be filed with Ministry of Finance, estimated at about | £ 150,000 |
| 1913 | |
| February 28. Chinese Government Treasury Bills, under Letter of Agreement dated 29th February 1912, Shanghai Taels 2,000,000 @ 2/8½ and 92½ | £ 292,792.15.6 |
| Together with interest @ 7½% per annum from 28th February, 1913, to date of payment (say) | £ 3,200.0.0 |
| March 9. Chinese Government Treasury Bills, under Letter of Agreement dated 9th March, 1912 Shanghai Taels 1,100,000 at 2/8 and 92½ | £ 158,558.11.6 |
| Together with interest at 7½% per annum from 9th March, 1913, to date of payment (say) | £ 1,500.0.0 |
| March 14. Belgian Loan of 14th March, 1912 | £ 1,000,000.0.0 |
| Together with interest thereon from 14th March to date of payment (say) | £ 13,000.0.0 |
| April 6. Belgian Loan of 6th April, 1912 | £ 250,000.0.0 |
| Together with interest thereon from 6th April to date of payment (say) | £ 1,600.0.0 |
| April 14. Advance by the American, British, German and French Groups, against the Currency Reform Loan, under agreement dated 15th April, 1911. £ 400,000.0.0 | |
| To interest @ 6% on above advance from 30th May, 1911, to 15th October, 1912. £ 33,139.14.9 | |
| | £ 433,139.14.9 |
| To interest on above sum from 15th October, 1912, to 14th April, 1913, @ 6%. £ 12,887.7.10 | |
| | £ 446,027.2.7 |

Together with interest @ 6% from 14th April to date of payment (say) £ 1,100.0.0

Total £ 4,317,778.9.7

Annex B. PROVINCIAL LOANS.

Principal and interest in default and/or principal outstanding, plus accrued interest, as per detailed statements to be filed with the Ministry of Finance, payable to:—

| | |
|---|-------------------------|
| (1) The nine foreign banks in Shanghai | Taels, 3,500,000.00 |
| (2) The Hongkong and Shanghai Banking Corporation, The Deutsch-Asiatische Bank, The Banque de l'Indo-Chine and the International Banking Corporation for the American Group | about Tls. 2,217,804.00 |
| (3) The Hongkong and Shanghai Banking Corporation, The Deutsch-Asiatische Bank and Banque de l'Indo-Chine | about Tls. 5,882,620.00 |
| (4) The Hongkong and Shanghai Banking Corporation | about „ 1,630,052.00 |
| (5) The Yokohama Specie Bank, Ltd | about „ 5,106,940.00 |
| (6) The Banque de l'Indo-Chine | about „ 122,700.00 |
| (7) The Deutsch-Asiatische Bank | about „ 661,550.00 |
| (8) The Russo-Asiatic Bank | „ 680,000.00 |

Total about Taels 20,138,864.00

Equal to (say) £2,870,000.

Annex C. STATEMENT OF LIABILITIES OF THE CHINESE GOVERNMENT SHORTLY MATURING:

| Date Due. | |
|--|---------------------|
| 1913. | |
| May 17. To Chinese Government Treasury Bills under Letter of Agreement dated 17th May, 1912, Shanghai Taels 3,000,000. @ 2/9 11/16 and 92½ | £ 455,236.9.9 |
| June 12. Chinese Government Treasury Bills, under Letter of Agreement dated 12th June, 1912, Shanghai Taels 3,000,000 @ 2/9½ and 92½ | £ 449,324.6.6 |
| June 18. Chinese Government Treasury Bills under Letter of Agreement dated 18th June, 1912, Shanghai Taels 3,000,000 @ 2/9½ and 92½ | £ 452,702.14.0 |
| Allowance for foreign claims arising out of the Revolution | £ 2,000,000 |
| | £ 3,357,263.10.3 |
| May 10. Loan to Chinese Minister at Tokyo, Japan, for Yen 350,000 @ 7% per annum, dated 10th November, 1911, by the Yokohama Specie Bank, Ltd., under the authorisation of the Premier and the Minister of Foreign Affairs, Ta Ching Government and was confirmed by Tsai Cheng Pu and Wai Wu Pu | G. Yen 290,935.00 |
| Together with interest @ 7% per annum from 25th November, 1912, to the date of payment, say | G. Yen 10,000.00 |
| Sept. 15. Loan to the Ministry of Communications for G. Yen 2,000,000 @ 7% p.a., dated 15th September, 1911, by the Yokohama Specie Bank, Ltd., and renewed on 15th March, 1913, under the condition to be payable out of the first proceeds of any foreign loan | G. Yen 2,000,000.00 |

Plus interest on the above
@ 7% p.a. from 15th March,
1913, to the date of pay-
ment, say G. Yen 24,000
G. Yen 2,324,935.00

Equal to (say) \$3,592,263.10.3.

Annex D.—DISBANDMENT OF TROOPS.

| | |
|-----------|---------------|
| Shantung | Taels 800,000 |
| Shansi | 500,000 |
| Honan | 600,000 |
| Anhui | 1,000,000 |
| Hupeh | 4,000,000 |
| Kiangsu | 1,500,000 |
| Fuhkien | 1,400,000 |
| Kwangsi | 1,200,000 |
| Szechuan | 2,000,000 |
| Yunnan | 1,000,000 |
| Kueichow | 600,000 |
| Shensi | 1,400,000 |
| Mukden | 600,000 |
| Kirin | 400,000 |
| Kan-suh. | 1,000,000 |
| Sinkiang | 600,000 |
| Jehol | 600,000 |
| Kwangtung | 1,050,000 |
| Chekiang | 560,000 |
| Kiangsi | 60,000 |

Taels 20,870,000.00

The total of the above is Taels 20,870,000, which is equal to about £3,000,000.

Details of troops to be disbanded are contained in confidential statement to the Banks.

Annex E. CURRENT EXPENSES OF ADMINISTRATION. ESTIMATED AMOUNT FROM APRIL TO SEPTEMBER, 1913.

The Board of Foreign Affairs:—

| | |
|--|---------------|
| 1. The expenses of the Board proper | \$ 381,532.00 |
| 2. Expenses for the Legations abroad | 1,224,756.00 |
| 3. Expenses for the schools belonging to the Board | 169,924.00 |
| Total \$ | 1,776,212.00 |

The Board of Home Affairs:—

| | |
|--|---------------|
| 1. Expenses for the Board Proper | \$ 274,200.00 |
| 2. Expenses for constables of inside and outside of Peking city | 1,223,836.00 |
| 3. Expenses for hospitals, bureaux, and schools belonging to the Board | 80,011.00 |
| 4. Expenses for the Yamen of Infantry General | 614,573.00 |
| Total \$ | 2,192,620.00 |

The Board of Finance.

| | |
|---|---------------|
| 1. Expenses for the Board proper | \$ 250,000.00 |
| 2. Expenses for the Bureaux and Factories belonging to the Board | 196,770.00 |
| 3. Expenses for President's Yamen | 300,000.00 |
| 4. Expenses for the Cabinet, including the Bureau of Legislation, of Civil Appointments, of Printing, of Mongolian and Tibetan Affairs, of Audit and the Provisional Bureau of Merits | 475,814.00 |
| 5. Expenses for the Parliament | 1,000,000.00 |
| 6. Expenses for the Imperial Pensions | 2,777,777.00 |
| 7. Expenses for the Tax Department and Schools belonging to the Board | 103,456.00 |
| 8. Expenses for various taxation Yamen | 221,800.00 |
| 9. Allowances to Bannermen and their Rice Commutation. | 6,666,666.00 |

| | |
|--|---------------|
| 10. Allowances to Bannermen of the Provinces of Jehol, Tsarhar, Miyuan, etc. | 625,000.00 |
| 11. Allowances to those in charge of Ching Tombs. | 404,525.00 |
| Total \$ | 13,021,808.00 |

The Board of Army.

| | |
|--|---------------|
| 1. Expenses of the Board proper | \$ 540,000.00 |
| 2. Salaries and allowances to the various Bureaux of the various Divisions under the Board | 8,400,000.00 |
| 3. General Staff and their expenses for their Camps and Bureaux | 1,761,675.00 |
| 4. Allowances to Ching Guards (or to Imperial Guards) .. | 1,243,196.00 |
| 5. Allowances to Kung Guards (Now the President's Guards) | 1,532,844.00 |
| 6. Allowances to Wu Guards—Left | 1,286,352.00 |
| 7. Allowance to Wu Guards—Van | 974,274.00 |
| 8. Allowances and expenses for Military Executive Department in Peking | 87,980.00 |
| Total \$ | 15,826,321.00 |

The Board of Navy.

| | |
|---|---------------|
| 1. Expenses for the Board proper | \$ 182,248.00 |
| 2. Expenses for the various Commanders-in-Chief, Men-of-War, and schools belonging to the Board | 1,200,000.00 |
| Total \$ | 1,382,348.00 |

The Board of Law.

| | |
|--|---------------|
| 1. Expenses for the Board proper | \$ 346,640.00 |
| 2. Expenses for Courts and Jails | 279,394.00 |
| Total \$ | 626,034.00 |

The Board of Education.

| | |
|--|--------------|
| 1. Expenses for the Board proper | 537,984.00 |
| 2. Expenses for Schools, Bureaux, and Offices belonging to the Board | 799,620.00 |
| Total \$ | 1,337,604.00 |

The Board of Agriculture and Forestry

| | |
|--|---------------|
| 1. The expenses for the Board proper | \$ 300,242.00 |
| 2. Expenses for Grounds and Bureaux belonging to the Board | 42,156.00 |
| Total \$ | 351,398.00 |

The Board of Communication.

| | |
|--|------------|
| 1. Expenses of the Board proper \$ | 302,806.00 |
| 2. Expenses for the training purposes within its sphere .. | 236,691.00 |
| Total \$ | 539,497.00 |

Note.—Expenses for Railways, Navigation, Post and Telegraph undertakings by the Board will be included under the item of extraordinary estimates, and it may be assumed that their expenditures and incomes will balance. The newly established railway lines are not included here.

The Board of Work and Commerce.

| | |
|--|---------------|
| 1. Expenses of the Board proper \$ | 208,656.00 |
| 2. Expenses for the various Bureaux belonging to the Board | 60,000.00 |
| Total \$ | 268,656.00 |
| Grand Total \$ | 37,322,498.00 |

Extraordinary Expenses.

| | |
|---|--------------|
| 1. Bureau of Printing and engraving. Engineering Works, machinery and plant | \$750,000.00 |
| 2. Paper Mill, Engineering works and machinery and plant | 1,400,000.00 |

| | |
|---|------------------|
| 3. The Mints (Head) Engineering work, machinery and plant | 500,000.00 |
| 4. The University. Building expenses | 500,000.00 |
| 5. Tsung Tombs. Engineering works | 4,611,537.00 |
| 6. The Parliament. Engineering works | 1,500,000.00 |
| 7. Payment of Debts of various Boards in the year 1912. Administrative Expenses | 3,845,000.00 |
| 8. Imperial Pensions. Due and unpaid in the year 1912 | 3,017,333.00 |
| 9. Rice Commutation of 8 Banners | 1,807,750.00 |
| Total | \$17,931,620.00 |
| Total of Ordinary Expenditure | \$37,322,498.00 |
| „ of Extraordinary Expenditure | 17,931,620.00 |
| | \$ 55,254,118.00 |

Equal to (say) £5,500,000.

The representative designated by the Banks will be furnished with monthly detailed estimates of expenditure under above headings.

Annex F. REORGANISATION OF THE SALT ADMINISTRATION.

General estimate for the reorganisation of Salt Administration:—

| | |
|--|-----------------|
| 1. Capital for purchase and transportation of salt. | \$7,000,000.00 |
| 2. Expenses for the establishment of Salt-making Factories with machines | 3,000,000.00 |
| 3. Reorganisation of Salt lands | 5,000,000.00 |
| 4. Capital for Advances to Salt merchants under a banking scheme to be approved by the Banks | 5,000,000.00 |
| | \$20,000,000.00 |

Equal to (say) £2,000,000.

Note.—In the event of the total net proceeds of the loan being insufficient to cover all the estimated expenditure under Annexes A to F any deficiency shall be met by a corresponding reduction in the amount of item No. 4 of Annex F.

[A table showing the charges on the Salt Gabelle will be found on the next page.]

THE HWAI RIVER CONSERVANCY

The espouser of the cause of the Hwai River Conservancy was Mr. Chang Chien, who, by dint of expert knowledge and indefatigable enthusiasm, carried bills legalising conservancy work through the Provincial Assemblies of Kiangsu and Anhui during the Ching Dynasty. It is one ambition of his life to adjust and control this water system and prevent it from accelerating devastating famines in the surrounding country.

After the Revolution Mr. Chang Chien was still vigorously eliciting sympathy from the foremost people in the capital and elsewhere, and at last his voice was heard, and a good start now has been made in the direction of realising the project he so strongly and insistently advocated.

The Hwai River Conservancy Bureau has now been formed, with Mr. Chang Chien at its head, and General Po Wen-wei and Shu Ting-ling, Speaker of the Kiangsu Assembly, to help him.

The Surveying Corps were in the field last year, and now the surveyors are pushing on their work with great activity. It is calculated that the survey will be complete in a measure within two months. The plan for the conservancy work will be two-fold: dredging and tilling will be carried on hand in hand. Mr. Chang Chien and his staff are now engaged in fixing the route and general system of the waterways in the region where conservancy work is to be effected. He is also proposing to establish an Agricultural Bank, which will serve as an organ to provide the funds requisite for the work.

Estimated Statement of General Charges on Salt Gabelle.

| No. | Loan | Date. | Amount. | Term (years) | Security | Made by |
|-----|-----------------------------------|------------|------------------------------------|--------------|--|--|
| 1 | Anglo-German Loan | 1898 | £16,000,000 | 45 | Salt Likin, Ichang Taels 1,000,000 Do. Hupeh 500,000 Do. Anhui 300,000 Taels 1,800,000 | Hk. and S. Bank and Deutsch-Asiatische Bank. |
| *2 | Boxer Indemnity | 1901 | Taels 450,000,000 | 39 | Annuity 19,399,000 | |
| 3 | Loan to Hukuang Viceroy | Sept. 1907 | Taels 2,000,000 | 10 | Additional "Yao Cheng" Salt Likin Hupeh 400,000 | Yoko. Sp. Bank. |
| 4 | Anglo-French Loan | 1908 | £5,000,000 | 30 | Old and New additional tax on Salt in Chekiang Province ... 600,000 New Additional Tax on Salt in Kiangsu... .. 700,000 Old and New additional Tax on Szechuan and Huai Salt ... 600,000 Salt Commissioner's Treasury Province of Chihli, Revenue from additional Salt Tax... 200,000 New Additional Tax on Salt, Chihli 250,000 Taels 2,350,000 | Hk. and S. Bank and Banque de l'Indo-Chine. |
| 5 | Loan to Hukuang Viceroy | Aug. 1909 | Taels 500,000 | 10 | Second Mortgage on the Salt securities hypothecated to the Anglo-German Loan, 1898 ... 74,000 | Hongkong Bank. |
| 6 | Hupei Provincial Bonds | 1909 | Taels 2,400,000 | 7 | Salt Treasury, Hupei (The rest of the security is furnished from other sources) 100,000 | |
| 7 | Chihli Provincial Bonds | 1910 | Taels 3,200,000 | 8 | Salt Commissioner's Treasury, Chihli 350,000 Profits of Sale of Government's Salt at Yung Ping, Chihli ... 150,000 Taels 500,000 | |
| 8 | Loan to Liangkiang Viceroy | Dec. 1910 | Taels 3,000,000 | 6 | The "Shou Hwui Fu Chia Pa Cheng" Salt Likin of the four Salt Districts of Hunan, Hupei, Kiangsi and Anhui ... 300,000 The additional Kiangnan "Yao Cheng" Salt duties 320,000 "Hai Fun Shih Wu Cheng" Salt Likin of Liang Huai 120,000 Taels 740,000 | Hk. Bank, Deutsch-Asiatische Bk., Bqe de l'Indo-Chine |
| †9 | Currency Loan | April 1911 | £10,000,000 | 45 | Newly added Surtax upon Salt of all Provinces of China 2,500,000 | American Group, Hk. Bk., Deut. Asi. Bk., Bqe De l'Indo-Chine. |
| 10 | Hukuang Railways Loan | May 1911 | £10,000,000 (£6,000,000 issued) | 40 | Hupei additional Tax 400,000 Hupei New additional Two Cash Tax of September 1908 300,000 Hunan Salt Commissioner's Treasury Regular Salt Likin 250,000 Taels 950,000 | Hongkong Bk., Deut.-Asi. Bk., Bqe de l'Indo-Chine, American Group. |
| 11 | Hupei Provincial 7% Silver Loan | Aug. 1911 | Taels 2,000,000 | 10 | Third Mortgage on Salt Securities hypothecated to Anglo-German Loan of 1898 460,000 | |
| 12 | Chinese 5% Gold Loan... .. | Aug. 1912 | £5,000,000 First issue. | 40 | Annual Interest ... £250,000 Amortization after 1922. 166,666 £416,666@3/...2,778,000 | Crisp Syndicate. |
| | | | | | Gross Annual Charge on Salt Gabelle Taels 32,551,000 From which should be deducted:— Estimated available Surplus of Maritime Customs Revenue ... 10,000,000 Salt hypothecated to 1898 Loan Service of which is met entirely from Customs Revenue 1,800,000 Taels 11,800,000 Nett Estimated Annual Charge on Salt Gabelle, Haikuan Taels, ... 20,751,000 | |

* Note.—The charge of the Indemnity on the Salt Gabelle increases in 1916 to Taels 24,483,800, but there is a corresponding decrease of the charges of other loans on the Customs Revenue.

† Not yet issued.

CURRENCY REFORM IN CHINA

BY HSU UN-YUAN

(Translated from the Chinese text)

A sound financial administration is the principal aim of a government and a good currency is a primary factor of a sound financial administration. If the currency system is bad, then the nation cannot compile accurate budgets, and complications will rise in business operations, which will be very detrimental to the welfare of the people.

The currency systems in China are extremely confusing, and each province, nay, each *hsien* city, has its own peculiar standards of fineness. In the commercial ports and important cities of the provinces in the South and East silver dollars are used in transactions, but in distant regions, such as the provinces in the North and West, copper coins and silver bullion are the chief medium of exchange. One great defect of such forms of currency is that their values are liable to frequent and great fluctuations, and consequently there are great inconveniences to business transactions. Thus we may say that in the currency of China there is neither a system nor a standard, and in consequence the people of China as well as foreigners are now clamouring for Currency Reform. My opinion is that the effectiveness of the reform rests upon the thoroughness with which the question is gone into. We must proceed slowly and cautiously and carefully deliberate upon all aspects. We must not draw hasty conclusions. It is a question that involves the welfare of the whole nation, and if a system be adopted that is not suitable, there will come injury instead of benefit.

When we approach this question of Currency reform, the first thing that confronts us is the question of standard. All other questions are subordinate to this question, and they can only be taken up when the standard is decided upon. What is meant by standard of a currency system? It is some commodity that has value, and that is used as the basis of a currency system. Hence, any commodity as gold, silver, copper, iron, cloth, hide, etc., may be employed as a standard. Many economists of the present day think that the best standard is a combination of several commodities of daily use. We may therefore say that whatever is used as standard, it must have value in itself. Some advanced scholars of our country are now advocating the adoption of a paper standard. I strongly object to any such step. When we read history we find that in ancient times life was simple and copper and iron were used as standards. Afterwards the standard of living advanced and silver was adopted, while in modern times gold is adopted. Most of the countries have now a gold standard. Those countries that use silver are also contemplating a change to gold to secure the advantages of easy calculation in transactions. Therefore the tendency of the world is to change from Silver into Gold Standard.

But the standard of living in our country is low compared with other countries. It is only on account of international exchange that the reformers advocate the Gold Standard, and in view of the fact that it is impossible to make this jump at the present juncture, they propose to adopt the middle course, the Gold Exchange Standard. The Gold Exchange Standard is a modified Gold Standard in which the price of silver is maintained by means of exchange. In

other words, in all transactions within our own country, silver dollars will be used, but the value of these silver dollars will be established at a fixed ratio with gold. It is, indeed, a good plan, but there are two difficulties that will arise when this system is put into actual operation, viz., 1. The difficulty of fixing the relative value of gold and silver, 2. The maintenance of the legal value of the silver coins. Supposing coins are to be issued and are to be given a fixed gold value. If the legal or gold value of the silver dollar always equals the intrinsic value of the silver contained in the dollar, then of course such dollars will be welcomed by the merchants, and they

counterfeiting would be made more profitable. That has happened in India and other places. It would be very difficult, nay, well nigh impossible for China to prevent counterfeiting in view of the present insufficient force of police, the large area of our country, and, because the existence of extraterritoriality prevents the Chinese having authority over counterfeiters in the foreign settlements.

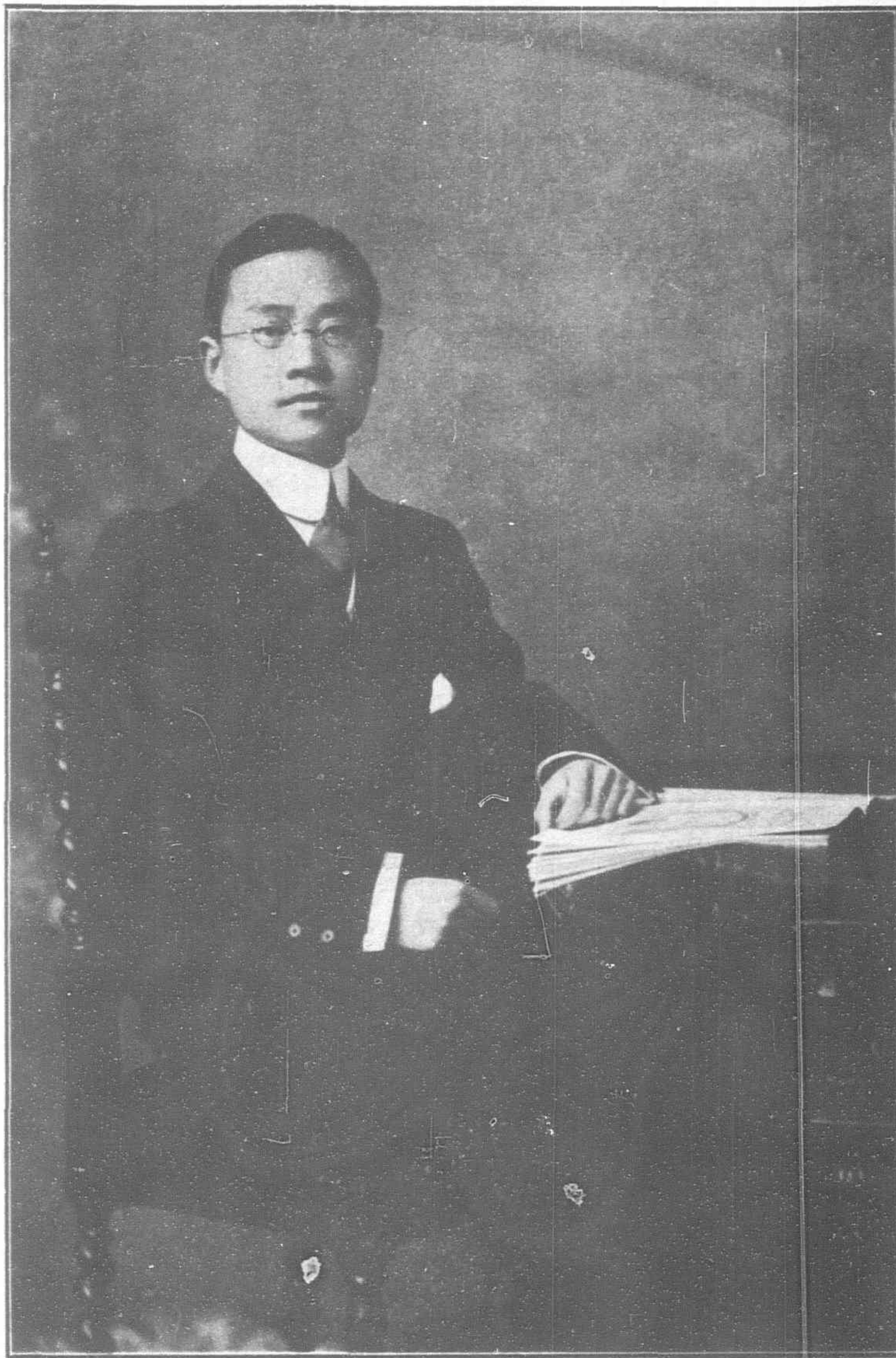
At the end of the year before last the silver dollar rose to as much as 78 Candareens, and forthwith a certain merchant counterfeited the dollar. When there was a profit of only four or five Candareens on the dollar, and merchants hastened to counterfeit it, how much more would they counterfeit when the profit rose to a more substantial level? It is apparent, then, that the light token coin would not be suitable in our country.

Some people suggest that since the token coin is easily counterfeited, it would be well to use paper in its place, as it is much more difficult to forge paper than to forge coins. But no matter how intricate be the process by which the note is manufactured, or however finely it may be engraved, if it can be printed by us, it can also be printed by others. Even if our own people cannot do it, foreigners may do it. For instance, recently there was a case at Hong-kong of a certain foreigner counterfeiting the Kwantung Bank Notes. The defects of a note currency are more than those of token coins, and the reasons are many. I shall have something more to say on that subject at a later time. This is the difficulty of a Gold Exchange Standard in fixing the relative value of gold and silver.

But let us take it for granted that this difficulty has been overcome, and that the relative prices of gold and silver have been established. There still remains the difficulty of maintaining the legal value of silver token coins. In countries where the Gold Exchange Standard is adopted, the method of maintaining the legal value of token coins is to keep in readiness a reserve fund for exchange purposes. All those who hold token coins who desire to exchange them for gold or to buy gold drafts must be accommodated, and to do that the Government should make the exchange according to the legal value fixed by law.

The issuing of token coins by the Government is similar to the issuing of banknotes by a bank, and it is just as incumbent upon the Government to cash the token coins in gold as for the bank to cash the bank notes. The confidence of the people in the Government when using the token coins is precisely the same as the confidence exhibited when they use the bank notes of the bank. The wide circulation of bank notes depends much upon the credit of the bank. The volume of the circulation of token coins depends on the credit of the Government. The only way to get credit is to keep an adequate reserve fund for the exchanging of the token coins.

Let us calculate what would be the minimum reserve fund we would require if we were to adopt the Gold Exchange Standard. The population is 400,000,000; if two coins per capita be given, then there would be at least 800,000,000 of these silver token coins in circulation. Let us suppose that each coin be worth two shillings, then the total number of token coins would be



Mr. Hsu Un-yuan

will be circulated without difficulty. But the price of silver frequently fluctuates. If the price of silver rises a little, then the intrinsic value of the silver of the dollar will become higher than the legal value, and, as a result, the merchants will melt the dollars or ship them into foreign countries, thus making a great deal of profit. Such cases have happened in the Philippines and Mexico. To prevent such a practice it would be necessary to fix the legal value much higher than the intrinsic value, then melting and exportation would be effectually stopped. Besides, the Government would realize a handsome profit by it. But while melting and shipping would be stopped,

worth 1,600,000,000 shillings, which amounts to about £80,000,000 sterling. Put the amount of the reserve fund at one-third of this sum, and it would be about £26,000,000. This is absolutely the lowest the reserve fund should be, yet the figure is appallingly large and, considering the present financial depression of our country, it would be impossible to secure a fund to this value. But let us take it for granted that we have contrived to secure this sum, it would be certain that it could only be secured through a foreign loan. To contract a loan with big interest and heavy discounts, and then keep the proceeds of the loan locked up in the treasury, and lose interest on it would be questionable tactics. Would such a policy be justifiable? Some may suggest employing a part of it in circulation, or invest part of it in investments in some profitable enterprise, or in buying short-term drafts and easily sold foreign bonds, but all this would require astute business operations to insure success and guard against failure, which can only be accomplished after years of experience.

Some may argue that the token coins would be in active circulation on the market, and since they would be absolutely necessary in daily transactions, the people would not be likely to exchange them for gold, and the only instance where it would be necessary would be for the repayment of foreign debts, and the Government therefore would only need to keep a certain amount to supply this demand, by depositing the reserve fund in some foreign markets. But when the Government had fixed the relative prices of gold and silver, how would it be possible for it to prevent people from exchanging the coins for gold? If the token coins could not be exchanged for gold, then the system would be similar to inconvertible paper currency.

Even should there arise no necessity for exchanging the token coins in the country, and the country had only to consider the exchange of money abroad, a very big sum would be required as a reserve fund in foreign countries in order to prevent a failure. In 1908 there was a famine in India, and the amount of exports

fell greatly. The gold funds remitted to foreign countries were enormous, so much so that the reserve funds were about to be exhausted. The failure of the Gold Exchange Standard was imminent, and it was only due to the timely action of the British Government in rendering assistance that the financial situation of India was saved. Now, we cannot predict with any degree of certainty the imports and exports of our country each year, and the financial strength of our Government is far behind that of Great Britain, and if there should ensue a panic when the Gold Exchange Standard is adopted who is going to give relief?

There are a great many difficulties and dangers confronting the adoption of the Gold Exchange Standard, and it would not be advisable to adopt it.

Therefore I advocate that we begin the Currency Reform with modest aspirations. Let us first of all unify the Currency system. For the present, let us adopt the Silver Standard. Wait until the unification of currency is effected and the Treasury is adequately replenished, and then enact the Gold Standard. This is the only safe procedure in Currency Reform. In the meantime we should aim at the ultimate adoption of a Gold Standard and do all we can to make preparations to effect this object. We must proceed gradually.

In reviewing the history of currency reform in various nations I invariably find that catastrophe and failure were more liable to attend Currency Reform than success, and it often happens that when a scheme is enacted after a hasty decision, the economic conditions of the whole country are injured. Our country is just undergoing a severe process of disorganization, and the mind of the mass of the people is not in a reposeful state. The credit of the Government is not quite firm in the eyes of the people. When a change is to be effected, it is true we shall pursue the most up-to-date methods, yet it is also important that the general customs and conditions of the country be considered carefully. Mere theory or adoption of methods without discrimination

would be worse than useless; either would produce disastrous results.

The contentions of the advocates of a Gold Exchange Standard are that when gold rises in value, there is a heavy drop in the price of silver, and China suffers great losses on repayment of foreign loans and indemnities. But the fluctuation of silver is frequent, and as there are falls in value, there are also rises. There are many reasons why we suffer losses in exchange, the chief one being that the exchange organs are insufficient and are mostly in the hands of foreigners. When we repay indemnities and loans, a sudden demand for foreign quotation is created and the foreign bankers are apt to raise their quotations to corner more profits. Now the Exchange Bank of our country is going to be established and the competition will have some tendency to equalize or control the exchange, we will even if the silver price falls, incur far less losses than heretofore.

In my opinion we need not concern ourselves about the fluctuations of silver. When we adopt the Silver Standard we may adopt some insurance scheme by which to equalize the exchange fluctuations. The details of this scheme I shall explain later on.

I recollect that in 1909 I wrote a paper for the Royal Economic Society of Great Britain on the Chinese Currency Reform, and, at that time I was an enthusiastic advocate of the Gold Exchange Standard. When I returned to China I made careful researches. Whenever I went through an important port, I interviewed the leading merchants and bankers and discussed this subject with them. After much study and investigation I came to realize that the Gold Standard and the Gold Exchange Standard were impracticable and changed my former views. I now conclude that in effecting this much-needed currency reform in our country, we should first adopt the Silver Standard and have a uniform system of coinage. We must not endanger our financial stability by a desperate jump to high ideals and fine theories and adopt the Gold Exchange Standard.

PUBLICATIONS

"The Gasoline Engine on the Farm." By Xeno W. Putnam. About 550 pp. With 179 special engravings. The Norman W. Henley Publishing Co., 132 Nassau St., New York.

The conditions under which farm work was performed remained unaltered for centuries, and it was not until comparatively recently that the labour-saving devices which were revolutionising other industries were directed to work on the farm. From its very character it was more difficult to apply mechanical aids in this direction than towards manufacturing, where the work is concentrated and the requirements for power and so forth are practically unchanging. For farm work mechanical aids have to fulfil many special conditions and little real progress was made until the development of the gasoline engine was seriously taken in hand.

In the volume under review Mr. Xeno W. Putnam has made available a mass of most useful and interesting information in regard to gasoline engines in their relation to farm work. A notable feature of the book is the absence of technical language, and the result is that even those without technical knowledge can, with its aid, become thoroughly familiar with the operation and care of gasoline engines, tractors and auxiliary devices. The scope of the work is thoroughly comprehensive and the reader is gradually given an adequate knowledge of the principle of the gasoline engine and the functions of the different parts. Chapters are devoted to such matters as Setting the Engine, The Fuel Supply, Lubrication, Elimination of Engine Troubles, Selecting and Operating the Engine, The Traction Engine, Power Transmission, etc., etc.

To everyone interested in the operation of gasoline engines this handsomely got up volume

will prove indispensable. Its value is greatly enhanced by the numerous figures and engravings. This excellent handbook is priced at G. \$2.50, and we have no hesitation in saying that it is well worth the money.

PHOSPHATES IN PRATAS ISLANDS

The Pratas group of islands, almost 170 miles from Hongkong, and about 420 miles from Manila, has long been recognised as a fine position for a wireless station in the China Seas and it appears that the Chinese Government has accorded recognition to the requests made for the erection of a wireless installation there, the benefits of which, and especially to Hongkong, cannot be overestimated in connection with warnings of the approach of typhoon weather. The islands are known to be rich in phosphates, having been the home and shelter probably for centuries of myriads of sea birds. The islands are not without interest to Singapore, as it is known that Mr. Tan Boo Liat is the holder of a concession of the islands from the Canton Government. Under the advice of well known merchants he has been judiciously concentrating his efforts on obtaining valuable information regarding the phosphate deposits, with considerable advantage to himself and the group of friends associated with him.

The Tong Sah Ton, Limited (Pratas Island Phosphates Exploitation Syndicate, Ltd.) has been formed with a capital of \$120,000 thoroughly to exploit the islands, and a genuine exhibition of faith in the venture has been demonstrated in a marked manner, as the whole of the issued capital was very largely oversubscribed privately in a few hours, and there is no issue to the public of shares. The islands, from an authentic source, are reputed

to contain phosphate deposits of proved high quality sufficient to work for a period of 40 years on a monthly output of 2,000 tons. There are extensive buildings, light railway lines and pier already built, the use of which has been obtained from the Canton Government for practically a song. The board is entirely Chinese and comprises gentlemen well-known and influential. The capital backing behind the syndicate is reported to run to large figures.

RUSSO-MONGOLIAN MINING AGREEMENT

The Mukden Tutuh has received a report from a detective stating that the Urga Government has concluded an Agreement with Russia concerning the mining rights in Mongolia, the substance of the Agreement being as follows:—

1. In accordance with the stipulations contained in the Urga Protocol, the Urga Government grants the Russians the right to develop the mines in Mongolia.
2. The Head office of the Mining Company shall be at Sainnojon.
3. The capital is to be provided by the Russians, and the Urga Government may provide one-fifth of the whole.
4. Russian subjects may, on the introduction of the Mining Company, apply for Mining Licenses.
5. 1% tax shall be levied on mineral products which shall go to the Urga Government for military purposes.

The motor-cars ordered from England for the Japanese Imperial Household arrived in Tokyo, and were put together by the mechanics attached to the Palace. His Majesty the Emperor intends driving out in the cars.

THE ELECTRICAL INDUSTRY IN JAPAN

VIEWS OF A GERMAN EXPERT

We find in the *Electrical Review* an interesting article, translated from the *Elektrotechnische Zeitschrift* on the electrical industry in Japan. The writer, Mr. Ludwig W. Schmidt, points out that the great expansion of the electric motor in Japan is not only due to the advantages of electrical energy as a distributor of power in factories, but also largely to the surprisingly rapid development of Japanese industries, which has succeeded in trebling the number of factories in the past decade; and the predominance of this form of power now seems assured for factory working. In order to prevent misapprehension, however, Mr. Schmidt should have pointed out that very many of these factories are very small concerns indeed. He goes on to say that where electric tramways or central stations exist the energy for the driving of the motors is usually supplied from stations, this being of special advantage in the towns, where the lighting and tramway load permits of a fairly cheap supply being afforded to the users of power. In many cases, however, the factory owners have installed their own generating plant, especially in the textile industry, the shipyards, metal refining works, and the mines. This fact is explained, in the instance of the mines, by the great distance which separates most of them from the real centres of industry, and the metal refineries have been compelled to establish individual plant mostly for the same reason.

The development in the use of electric power has been accompanied by the simultaneous extension of electric lighting. From the beginning of 1900 to 1910 the number of lighting companies has risen from 49 to 122; the buildings electrically lighted have increased from 47,701 in 1901 to over 600,000 in 1910; and the number of private lamps in use has advanced from 300,000 to 1,900,000, whilst the street lighting lamps have grown from 6,400 to 59,300 in the same period of years. Many of the lighting companies are also owners of tramways, and their total net receipts have increased nine-fold in the 10 years ended with 1910. Not only so, but the ratio of net profits to expenditure has constantly improved. It formerly stood at 3 to 1, but at present almost 50 per cent. of the total profits represents net profits. The electric tramways have found a specially favoured sphere of activity. As in almost all new industrial countries, so in Japan have the manufacturers begun to locate themselves as near to the coast as possible, and in this way a number of densely-populated industrial centres has arisen, where the transport of the workers to and from their place of employment has become a similar problem to that in New York, Berlin, and London. During the 10 years the number of towns provided with electric tramways has advanced from 11 to 40, the length of line from 72 to 692 miles, and the passengers from 46,477,000 in 1901 to 395,666,000 in 1911, and the invested capital from £1,500,000 to £18,700,000.

THE POSITION OF JAPANESE MANUFACTURING FIRMS

The development in all branches of the consumption of electricity, proceeds the writer, has naturally had a favourable influence on the sale of electrical manufactures, and the electrical trade of Japan for this reason has made a large advance since the beginning of the century. Until nearly the end of the past century, by far the greatest part of the turnover was effected by the importers; but during the decade under consideration, the situation has become more favourable for the native manufacturing works. The history of the domestic industry is full of reactions and of successes only obtained after great trouble, and even in the present century the progress made by the native works has frequently been accompanied by failures. In particular it has turned out

that many of the large works were equipped with inadequate capital, and this had led to financial losses in many cases, as it was impossible to bring the works quickly enough to the capacity for which they were designed. Various works which were projected with foreign capital either had to be abandoned before they were actually established, or they could only be successfully carried out after great difficulties had been overcome. Nevertheless, the industry has managed to reach a sound basis to some extent in the course of years, and it can now be regarded as having attained an assured position, although many works have not yet quite fully surmounted their juvenile defects.

The local demand has been greater than the capacity in many cases, and extensions had to be undertaken without sufficient capital being available. But the greatest want has been the lack of good and trained workers. It is true that the Japanese dispatched engineers to Germany, England, and the United States in order to study the latest methods. As a result of the knowledge thereby gained no money has been spared in introducing the newest types of machinery, but the Japanese have been unable to impart the theoretical knowledge to their workmen. This difficulty has been specially noticed in the cable works, of which a number have arisen in recent years. In general, the cable factories work under tolerably favourable conditions, as they are usually in close relations with a large copper mine from which raw material is obtained at the lowest prices, and they are also protected by a high import duty. Nevertheless, they are not able to shake off foreign competition because the quality of the imported cables is generally better than that of the native product. The reason for this occurrence, according to a British Consular report, lies in the lack of sufficiently trained chemists in regard to rubber. Certain of the owner of cable factories have therefore adopted the course of obtaining the services of qualified foreign workers, but the latter are hampered by the fact that they are unable to make themselves sufficiently understood by the Japanese workers. While the imports of telegraph cables are, as will be seen, irregular, the imports of insulated wires show a constant advance, and the requirements have increased tenfold since the beginning of the century. The accompanying table illustrates the general course of the import trade during the past 14 years:—

IMPORTS OF ELECTRICAL MACHINERY, CABLES, AND INSULATED WIRES

| | Machinery. | Telegraph cables. | Insulated wires. |
|---------|------------|-------------------|------------------|
| 1898 .. | £69,700 | £18,500 | £32,100 |
| 1899 .. | 45,000 | 19,400 | 14,500 |
| 1900 .. | 97,600 | 104,900 | 38,100 |
| 1901 .. | 97,900 | 49,800 | 42,900 |
| 1902 .. | 132,300 | 8,500 | 67,400 |
| 1903 .. | 111,400 | 33,200 | 33,900 |
| 1904 .. | 165,200 | 103,700 | 75,000 |
| 1905 .. | 301,500 | 256,900 | 78,700 |
| 1906 .. | 181,100 | 20,800 | 95,700 |
| 1907 .. | 254,300 | 133,300 | 112,900 |
| 1908 .. | 372,100 | 42,000 | 144,700 |
| 1909 .. | 300,000 | 35,900 | 151,700 |
| 1910 .. | 219,200 | 159,500 | 163,700 |
| 1911 .. | 571,100 | 37,700 | 370,000 |

The manufacture of lamps and similar articles has largely increased. But although the domestic industry is at an advantage in relation to foreign competition through the import duties, the imports have not experienced any decline, and the business undertaken by Germany in this direction has been doubled in the past three years. Several of the large electricity companies have adopted the policy of importing certain parts from Europe or the United States and assembling them in Japan. This practice probably explains the fluctuations in certain articles of import in recent years. In conclusion, the author gives the following tables showing the respective exports to Japan of Germany, Great Britain, and the United States in recent years:—

GERMAN ELECTRICAL EXPORTS TO JAPAN.

| | 1908. | 1909. | 1910. |
|-------------------------------------|----------|----------|----------|
| Dynamos .. | £67,600 | £58,550 | £56,400 |
| Armatures .. | 7,150 | 1,650 | 4,800 |
| Accumulators .. | 2,400 | 2,400 | 20,300 |
| Cables .. | 94,150 | 28,500 | 163,950 |
| Arclamps .. | 600 | 400 | 600 |
| Searchlights .. | 250 | 1,150 | 10,550 |
| Glow lamps .. | 10,800 | 10,650 | 25,600 |
| Telegraph apparatus .. | 3,500 | 600 | 3,400 |
| Apparatus for power transmission .. | 37,300 | 20,500 | 21,850 |
| Apparatus for medical purposes .. | 2,400 | 3,900 | 2,750 |
| Measuring apparatus .. | 5,850 | 14,550 | 21,300 |
| Primary batteries .. | 200 | 50 | 100 |
| Heating apparatus, &c. .. | 400 | 150 | — |
| Insulating materials .. | — | — | 50 |
| Total .. | £232,600 | £143,050 | £331,650 |

BRITISH ELECTRICAL EXPORTS TO JAPAN

| | 1908. | 1909. | 1910. | 1911. |
|--------------------------------------|----------|-------------------------|----------|----------|
| Rubber-insulated wires .. | £32,310 | £25,550 | £48,210 | £19,120 |
| Other insulated wires .. | 28,895 | 53,615 | 39,690 | 49,965 |
| Telegraph and telephone wire. | 41,050 | 64,515 | 252,205 | 100,500 |
| Telegraph and telephone apparatus .. | 4,050 | 3,030 | 3,245 | 1,800 |
| Carbons .. | — | Not separately recorded | — | — |
| Lamps .. | — | Not separately recorded | — | — |
| Batteries .. | 5,650 | 7,495 | 7,165 | 4,460 |
| Unenumerated .. | 12,565 | 18,155 | 24,090 | 24,145 |
| Total .. | £124,520 | £172,360 | £374,605 | £199,990 |

UNITED STATES ELECTRICAL EXPORTS TO JAPAN

| | 1908. | 1909. | 1910. | 1911. |
|--|----------|----------|----------|----------|
| Electrical apparatus, including telegraph and telephone materials .. | £88,960 | £60,985 | £67,780 | £181,610 |
| Machines .. | 299,220 | 235,040 | 142,960 | 261,425 |
| Total .. | £388,180 | £296,025 | £210,740 | £443,035 |

UNIFICATION OF RAILWAY ACCOUNTS

In connection with the unification of railway accounts, described in an article in the FAR EASTERN REVIEW last month, and written by Dr. C. C. Wang, it is interesting to note that Dr. Wang has gone to Europe in company with Mr. Tsang Kuang-hsiang, Inspector General of Railways, to study the various systems of accounting in vogue in various countries. They will be away for a few months, and their investigations should lead to great benefits to China in future. Dr. Wang has his heart and soul in this work, and his mission abroad is not likely to be as resultless as many other missions which China has from time to time sent abroad. Dr. Wang has gone to learn something, and to put into practice what he has learned when he returns.

SINO-JAPANESE COMMERCIAL TRUST CO.

A Reuter telegram from Tokyo dated May 22 was as follows:—The prospectus of the Sino-Japanese Commercial Trust Company has been issued. The capital of the Company is Y. 5,000,000, half to be subscribed by Japanese and half by Chinese, and its object is to capitalize railways and mines and act as agents for Japanese capitalists and Chinese merchants.

The shareholders include the Mitsui Bussan Company, the Mitsu Bishi Company, the Industrial Bank of Japan, the Yasuda Bank, the Yokohama Specie Bank, Bank of Formosa, Fifteenth Bank, Hundredth Bank, and Messrs. K. Okura & Co. The head office of the Company will be in Shanghai, and the chief branch in Tokyo.

It is stated that all business people connected with the Kuomintang are joining the Company and it is anticipated that Dr. Sun Yat-sen and Baron Shibusawa will be its Presidents.

FAR EASTERN RAILWAYS

CHINA

Projected Line in Kwangtung:—For some time there have been discussions as to the necessity of joining the populous town of Tsang Shing on the East River with the main line between Canton and Kowloon. It will attach itself to the main line at Shek Lung. It will not be a long line, only about forty li, or say fourteen miles. On the other hand it will pass through two or three bigish towns. The cost of building the line is estimated at about four hundred thousand dollars. The promoters affirm that the way is level and that land can be purchased cheaply. The same Company have also suggested others, joining the towns in the district north of the East River. About three hundred thousand dollars have already been subscribed. The future of this branch line may, therefore, be assumed to be secure.

Kirin-Changchun Railway:—The traffic returns of the Kirin-Changchun Railway for the first three months of this year, according to the report received by the Mukden government, are as follow:—

| Receipts. | Jan. | Feb. | Mar. |
|-----------------------------------|--------|--------|--------|
| Passenger | 35,612 | 22,107 | 34,750 |
| Goods | 30,950 | 17,689 | 23,598 |
| Goods (by monthly contract) | 6,331 | 1,878 | 6,294 |
| Sundry | 160 | 325 | 1,219 |
| Total | 73,053 | 41,999 | 65,861 |

The Ministry of Communications has received a despatch from the Kirin-Changchun Railway authorities urging the prolongation of the line to the bank of the Sungari River. It says in part that the line as it now stands is only 200 li and the biggest towns on the line are Kirin and Changchun, which, although they are trading marts, yet do not possess the qualities of such extensive development as is possible with a port accessible both by land and water routes. If the railway is prolonged to the bank of the Sungari River then the railway will be connected with the water route and there will be great developments possible because of the increased facilities. Moreover, the extension will be only about fifty li, and, as there are no engineering difficulties \$1,000,000 will be sufficient. After completion the receipts of the line will be materially increased. The Minister of Communications has approved this proposal and sanctioned the use of the receipts of the railway as construction funds.

Proposed Changsan-Yusan Railway.—The proposal of T'ang Shou-hsien, Managing Director of the Chekiang Railway, to construct the short line connecting Changsan, in Chekiang, and Yusan, in Kiangsi, has received enthusiastic response, and some definite action has been taken toward the carrying out of the project. This line, short though it is, will be a connecting link, greatly needed, between the grand routes of the two provinces to Anhui and northward on the one hand, and to Fukien and Kwangtung on the other hand.

T'ang Shou-hsien, about a month ago, proceeded to Nanchang to confer with Tutuh Li about this project. While there, he and the Kiangsi authorities drew up an agreement, with plans and estimates for the construction of the line. These were sent to the Kiangsi Provincial Assembly to be deliberated upon. The Assembly was very favorable to the project and replied that of the \$1,400,000 necessary for the line, the provincial Governments of Kiangsi and Chekiang would make an advance of \$400,000, and, as for the rest, Kiangsi should undertake to subscribe \$500,000 and Chekiang another \$500,000. The Assembly also remarked in the reply that since this line was short, and construction cost would be comparatively low, it could be built in a short time, and as it was situated in a very good posi-

tion, they thought the railway would surely prove to be a profitable investment. They requested the Tutuh to send a commissioner to Hangchow to confer with Mr. T'ang Shou-hsien in order to expedite matters. Tutuh Li therefore sent Mr. Hu Yi, ex-Chief of the Communications Bureau of Kiangsi, to Hangchow.

Yusan is in the prefecture of Kwangsin-fu. A merchant from the Kwangsin-fu city has volunteered to raise subscriptions to the amount of \$500,000, and has received the approval of the Tutuh.

Canton-Hankow Railway.—The Associate Director of the Canton-Hankow and Hankow-Szechuan Railways, Dr. Jeme Tien-yew, arrived at Hankow early in May to arrange for the commencement of construction work. He stated that money was available in the Hongkong & Shanghai Bank for the construction of the British section, and that he expected work to begin immediately. He stated further that the Administration had now appointed the following Accountants:—

For the British section (Wuchang to Yichang, on the Hunan-Kwangtung border) Mr. C. C. Connell, late of the Shanghai-Nanking railway.

For the German section (Hankow or Kwangshui to Ichang) Mr. Schidt.

For the American section (beyond Ichang) Mr. Plant.

In addition the appointment of Mr. Cyril H. Bell, A.C.A., as auditor of the British section, had been confirmed.

The first work to be undertaken, will be to complete the purchase of the land, then to make the earthwork. The only material that has been ordered up to the present is the telegraphic material.

Yencheng-Chowkiakow Branch Line.—Chowkiakow is one of the most famous marts in Central China, and in the past it has been the sole distributing centre of Honan and adjoining Provinces. It possesses the peculiar advantage of situation, as it is accessible by the Hwa River, and merchandise from Kiangsu and Anhui may be shipped by the waterway up to Chowkiakow. It has played an important part in the commercial history of Honan, but since the advent of the iron road, what was formerly regarded as a lively port has been relegated to the background.

Nevertheless, its merits so far as waterway transportation is concerned are entitled to serious consideration. The Chowkiakow Chamber of Commerce have awakened to the fact that they are losing their former prestige and they must do something if they do not want their town to be looked upon as of no consequence. The best solution is to effect a junction with the Kin-Han Railway, which will not only restore its former prosperity but will materially increase its importance, as the bulk of goods bound for the Eastern Provinces will be diverted into its direction instead of going by the circuitous route via the Yangtse River. A petition has been forwarded to the Board of Communications by the local Chamber of Commerce.

It may be said here that several years ago, when the Kin-Han Railway was in process of construction, the engineer in charge of the Honan section had proposed the building of a branch line from Yencheng to Chowkiakow, the distance being about 120 li, but somehow the matter was dropped. The Board of Communications now realises the importance of this branch line, and has already sent three engineers of the Kin-Han Railway to make a preliminary survey of the line.

Chinchowfu-Taonan-fu Railway.—At the instance of the Mongolia-Tibet Communications Company, the Ministry of Communications has appointed Mr. Chen Tz-min, Civil

Engineer, graduated from America, to take charge of the surveying work of the projected Chinchow-fu-Taonan-fu Railway. He has reached Mukden, and after conferring with Chen Chao-sing, Director of the Communications Company, set out for his survey, being accompanied by several assistants.

Shantung Railway Dividend:—The dividend of the Shantung Railway will be 7½ per cent. for the last year; the advance from 6 to 7½ per cent. is a consequence of the rise of the silver price.

The Lotung Railway.—The Tutuh of Honan, Mr. Chang Tseng-fong has reported to the Government that the shareholders of the Lotung Railway are willing to have their line constructed together with the Hailan Railway. The Government has referred the matter to the Ministry of Communications for decision. Another report says that the shareholders are not willing to hand over the line to the Government.

Mongolia and Tibet Communications Co.—The Mongolia and Tibet Communications Company, which was formed with the object of developing means of communication to thereby foster industrial and commercial activities, has established branches at important cities on the Chinese frontier. The Head Office is in Peking. Recently the Head Office received a letter from its Mukden Branch setting forth the proposal to build a light railway from Kinchow to Taoman. The Head Office has given its approval of the project, and they are now taking steps to carry it out.

Fang-chang Railway.—A merchant by the name of Zie Min has petitioned the Ministry of Communications for permission to build a railway from Chowkotien, of Fangsan, to Changkows. He stated that he had raised the necessary funds, and asked that the Ministry send an official to make investigations.

The Szechuan Railway.—The Ministry of Communications have issued an order commissioning Mr. Feng Chu-pei to proceed to Ichang to arrange for the taking over of the Szechuan Railway.

Bridge Contract.—The Shan-hai-kwan Bridge Works (belonging to the Peking-Mukden Railway) was recently given the contract for building the superstructure of the bridge to cross the river at Tatung-fu, on the extension of the Railway line from Kalgan. The contractors are to build 20 spans of 100 feet each, the price per span being £512. The first four spans are to be delivered in August and the remainder at four spans per month. The spans will be standard, and may go in one bridge or another.

Railway Officials.—When the Pienlo Railway was amalgamated with the Hailan Trunk Line, it was placed under the control of Mr. S. C. Sze, the Director-General of the Line. The Managing-Director of the Pienlo Railway has now been transferred to become the Director on the Kin-han Railway. It is proposed that Mr. Lu Hsueh-meng be appointed the Managing-Director of the Pienlo Railway.

The Chefoo-Weihsien Railway.—The Surveying Corps have finished the surveying of the line from Chefoo to Weihsien, a distance of 200 miles. The estimate made by the Ministry of Communications of the cost of construction is Tls. 70,000 per mile, and the whole line will require about Tls. 15,000,000. Minister Chu decided upon two methods of raising the funds:—(1) to subscribe the capital among the merchants, (2) to float a foreign loan to meet any insufficiency.

Shanghai-Nanking Railway

The following figures of traffic returns (approximately) for the week ended April 19 are issued by the Shanghai-Nanking Railway:—

| Year. | Passengers. | Goods and Sundries. | Total for the week. |
|-----------|-------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| 1913 | 52,005 | 11,977 | 63,982 |
| 1912 | 52,715 | 6,448 | 59,163 |
| Increase. | — | 5,529 | 4,819 |
| Decrease | 710 | — | — |

For fifteen weeks.

| Year. | Passengers. | Goods and Sundries. | Total |
|-----------|-------------|---------------------|---------|
| | \$ | \$ | \$ |
| 1913 | 777,860 | 151,844 | 929,650 |
| 1912 | 774,964 | 78,700 | 853,664 |
| Increase. | 2,842 | 73,144 | 75,986 |
| Decrease | — | — | — |

Week ended April 26:—

| Year. | Passengers. | Goods and Sundries. | Total for the week. |
|-----------|-------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| 1913 | 43,716 | 10,119 | 53,875 |
| 1912 | 46,959 | 7,066 | 54,025 |
| Increase. | — | 3,053 | — |
| Decrease | 3,243 | — | 190 |

For sixteen weeks.

| Year. | Passengers. | Goods and Sundries. | Total |
|-----------|-------------|---------------------|---------|
| | \$ | \$ | \$ |
| 1913 | 821,522 | 161,963 | 983,485 |
| 1912 | 821,923 | 85,766 | 907,689 |
| Increase | — | 76,197 | 75,796 |
| Decrease | 401 | — | — |

Week ended May 3:—

For the week.

| Year. | Passengers. | Goods and Sundries. | Total for the week. |
|-----------|-------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| 1913 | 44,446 | 10,359 | 54,805 |
| 1912 | 46,091 | 6,262 | 52,353 |
| Increase. | — | 4,097 | 2,452 |
| Decrease | 1,645 | — | — |

For seventeen weeks.

| Year. | Passengers. | Goods and Sundries. | Total. |
|-----------|-------------|---------------------|-----------|
| | \$ | \$ | \$ |
| 1913 | 865,068 | 172,322 | 1,038,290 |
| 1912 | 868,014 | 92,028 | 960,042 |
| Increase. | — | 80,294 | 78,248 |
| Decrease | 2,046 | — | — |

Week ended May 10:—

| Year. | Passengers. | Goods and Sundries. | Total for the week. |
|-----------|-------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| 1913 | 52,626 | 9,302 | 61,928 |
| 1912 | 47,444 | 6,751 | 54,195 |
| Increase. | 5,182 | 2,551 | 7,733 |
| Decrease | — | — | — |

For eighteen weeks.

| Year. | Passengers. | Goods and Sundries. | Total. |
|-----------|-------------|---------------------|-----------|
| | \$ | \$ | \$ |
| 1913 | 918,594 | 181,624 | 1,100,218 |
| 1912 | 915,458 | 98,779 | 1,014,237 |
| Increase. | 3,136 | 82,845 | 85,981 |
| Decrease | — | — | — |

JAPAN

Wakayama Light Railway.—The Japanese Railway Board gave a charter on April 1 to the Santo Light Railway Company, promoted by Mr. Taro Kakiuchi and eleven others. The light railway will connect Nakanoshima, with Nishi Santo village, Wakayamaken, extending six miles with a gauge of 3 feet and 6 inches. The capital of the company is 250,000 yen.

Motor Cars for Railway Use.—The Japanese railway authorities have started, it is said, an investigation with a view to employing electric locomotives and motor cars in some sections of State railway lines, in order to increase the carrying capacity of trains and to save expenditure.

Keiwo Electric Railway.—The newly constructed line of the Keiwo (Tokyo-Hachiwoji) Electric Railway Co. has been opened to business.

Narita Railway.—The Narita Railway Company held its semi-annual general meeting, recently, at which a dividend of 6.5 per cent. was declared for the latter half of the year 1912-13.

The Fuchoku Railway.—The last section of the Fuchoku Railway, Japan, was opened on April 1. This line runs northwards along the Japan Sea coast from Toyama, the northern terminus of the Hokuroku line, to Naoyetsu, near Niigata, connecting with the Hokuyetsu and Shin-Yetsu lines. Construction was started from both ends in March, 1907, and the section between Toyama and Uwotsu (17 miles) was completed in November, 1908; the section between Uwotsu and Tomari (14.7 miles) in April, 1910; the section between Naoyetsu and Nadate (9 miles) in July, 1911; the section between Tomari and Aomi (14 miles), and the section between Nadate and Itoigawa (16 miles) in December last; and the section between Aomi and Itoigawa (4 miles) has just been completed. The total length of the Fuchoku line is just over 76 miles, on which 21 tunnels have been cut, 150 river bridges and 35 minor bridges have been constructed, and there are twenty stations. The total cost of the line amounted to about Y.12,707,020. The Koshirazu tunnel, the largest on this line, is 4,956 feet long and the bridge across the Kurobe river, the longest on the line, is 2,468 feet. The opening of the service on the whole line of the Fuchoku Railway will largely revolutionise traffic between Echigo and neighborhood and Tokyo and Osaka. By the opening of this service the distance by rail between Niigata and Osaka has been shortened by 24 miles, and the distance between Tokyo and Toyama by 180 miles. The direct service also saves a great deal of time on the journey between Osaka and Niigata and between Tokyo and Toyama.

Osaka Harbor Railway Connection.

During the second Katsura Ministry the Japanese Government planned a rail connection between Osaka harbor and the trunk line, but owing to a divergence of views between the Communications Department and the Army the matter was shelved. Lately the question has been revived, a new committee being appointed by the Osaka Municipal authorities to consider measures for utilising the Osaka harbor works for commercial purposes. Two harbor lines are proposed—one from Umeda, known as the northern line, and the other from Namba, known as the southern line, and the Osaka Harbor Committee has been appointed to investigate and report upon the merits of the two lines. Baron Goto, Minister of Communications in the Katsura Cabinet, preferred the southern line and the Military authorities the northern line. The Committee just appointed favor the northern line, and will address a memorial to the Government to this effect. This movement is backed by Colonel Shiki, Chief of the Staff of the Osaka Army Division, and is regarded favorably by the Osaka Chamber of Commerce. It is believed that the construction of the line will soon be undertaken.

Railway Expenditure in 1912-13.—The estimate of expenditure for the construction of repairing work of Japan State railways for the fiscal year 1912-13 was 68,997,964 yen in all, of which 47,671,104 yen was really spent and the rest about 14,000,000 yen is to be carried forward to the current fiscal year 1913-14.

Hanshin Electric Railways May Increase.

—It is reported that the Hanshin (Osaka-Kobe) Railway Company intends to increase its capital to 14,000,000 yen or double the present amount, for the completion of the proposed lines and some improvement works.

The company held a general meeting of its shareholders recently and declared a dividend of 13 per cent. for the latter half of the fiscal year 1912-13.

Railway Retrenchment in Japan.

—Mr. Tokonami, President of the Japanese Imperial Railway Board, is busily engaged in the preparation for the proposed reform in the railway circles. The *Asahi* is informed by members of the staff engaged in these preparations, that several sections of the Board and of local Bureaus will be abolished or amalgamated with others, and the number of the officials may be reduced by 30 or 40 per cent. in the Board (Head Office) and by 10 or 15 per cent. in the local Bureaus (Branch Offices). In the Head Office, there are 16 officials of *Chokunin* rank, 120 of *Sonin* rank and 1,569 of *Hannin* rank and below, the total amount of their salaries being Y.711,298 a year. In the five local Bureaus, there are 5 officials of *Chokunin*, 342 of *Sonin*, and 5,970 of *Hannin* rank (officials below the *Hannin* will not be reduced), the total amount of their salaries being Y.3,762,456 a year. If, therefore, the officials in the Head Office are reduced 35 per cent., 594 will be dismissed, saving Y.248,954 in salaries. If local Bureau officials should be dismissed by 12 per cent., 758 will be relieved of their duties, saving Y.452,000 in salaries; or a total dismissal of 1,352, and an annual economy of over Y.700,000. In the event of this decrease being carried into effect, traveling expenses and other items will also be economised, the total retrenchment being estimated at Y1,000,000.

Underground Railway in Tokyo.

—A proposal was made some time ago in the Tokyo Municipal Assembly for construction of two underground railways, one running between Iida-machi in Kojimachi-ku and Mejiro in Koishikawa-ku, under the control of the Johoku Electric Railway Company, with a capital of 3,500,000 yen, and the other leading from Takanawa Minami-cho, Shiba-ku, to Chayacho, Asakusa-ku, via Ginza, Sudacho and Ueno, under the control of the Tokyo Underground Railway Company, with a capital of 15,000,000 yen. The Special Committee appointed by the Municipal Council for the investigation of the project met in conference recently at the Municipal Hall in order to conclude the discussion. After exchanging views and discussing the results of their investigations, they came to an agreement that although the project is to be approved in principle, it must be rejected for the present, as it would interfere with the unification of the municipal organs of communication.

Narita Railway Company.—At a general meeting of the Narita Railway Company a dividend of 6.5 per cent. was declared and the following accounts were passed:—

| | Yen. |
|---|-------------|
| Net Profits | 106,509.336 |
| Brought over from Last Account... | 4,808.918 |
| Total | 111,318.254 |
| This amount was appropriated as follows:— | |
| Legal Reserve | 6,200.000 |
| Special Reserve | 10,650.000 |
| Bonus | 9,500.000 |
| Dividends | 78,812.500 |
| Carried forward | 6,155.754 |

Japanese State Lines.—According to investigations made by the Railway Bureau, which have been nearly completed, the total length of the Government and private railways in Japan now open to traffic is 5,937 miles. The projected railways will add 5,018 miles. In addition to these, there are certain other

projected railways (branch lines for the most part), which will have a total mileage of 6,118.

In the course of a few years, therefore, Japan will have over 17,000 miles of railway within her borders. Some of the proposed lines it will be necessary to build. If built as light railways, they will consume a capital of Y.603,565,174.

If as ordinary railways at least Y.652,135,174 will be required. The balance of the proposed lines is likely to cost Y591,636,758.

MANCHURIA

South Manchuria Railway.—The aggregate traffic receipts of the S. M. Railway for the fiscal year 1912, ended last March, reached Y.19,825,919, which is an increase by Y.2,298,832 over the preceding year.

The *Manchuria Daily News* hears that the South Manchuria Railway Co. has set aside for the current fiscal year about Y.2,310,000 for maintenance of way and about Y.2,000,000 for construction, improvements, etc., of the lines. This appropriation includes the purchase money for machinery and other materials, which is said to take up about four-sevenths. Three-fifths of the remainder has already been awarded to contractors by tender, leaving the remaining two-fifths still open for tender.

The statement of profit and loss for the fiscal year 1912 to be presented to shareholders at the annual meeting in Tokio on June 14, contains the following:—

| | | |
|---|------------|-----------|
| Railway | 19,907,000 | 7,846,000 |
| Steamer | 535,000 | 558,000 |
| Mining | 9,193,000 | 7,347,000 |
| Harbour | 1,688,000 | 1,489,000 |
| Land | 633,000 | 1,401,000 |
| Hotels | 234,000 | 271,000 |
| Electricity | 849,000 | 577,000 |
| Gas | 172,000 | 93,000 |
| Sundry receipts | 65,000 | — |
| Interest | 264,000 | — |
| General management expenditure | — | 2,050,000 |
| Sundry losses | — | 1,070,000 |
| Interest on debentures | — | 5,564,000 |
| Writing off discount on debenture issue | — | 340,000 |

Total 33,540,000 28,606,000

The net profit for the fiscal year amounts to Y. 4,934,000.

Compared with the preceding fiscal year 1911, divided into the tenth and the eleventh working half-years, the increase in the net profit amounts to about Y. 1,267,000.

The total receipts and expenditures with the net profit for the fiscal year 1911 were as follow:—

| | |
|----------------------------|--------------|
| Total receipts | Y.28,155,180 |
| Total expenditures | 24,487,653 |
| Net profit | 3,667,527 |

Penchiu-Kanchang Light Rail Line.—The proposed construction of a light rail line, 60 miles long, between Penchiu and Kanchang has been passed by the Fengtien Provincial Assembly.

Antung-Mukden Railway.—A report states that since the Antung-Mukden Line was opened to traffic, the business end of the railway is showing a far better result than was anticipated by the South Manchuria Railway authorities. True, the traffic is run still under some losses, but the receipts are steadily and firmly increasing every week.

Reuter's Yunnanfu correspondent says that Mr. Dawley, the railway engineer, has renewed his contract for two years. There is a prospect of a line to Kochiu being built.

MALAYA

Singapore Railway.—The Legislative Council of the Straits Settlements has approved of the sale of the Singapore Railway to the Federated Malay States Government for the sum of S.S. \$4,136,000. It will be remembered that on January 1, 1912, the Railways of the Straits Settlements came under the management of the Federated Malay States Government. The terms called for a lease of 21 years at an annual rental of \$95,200, subject to septennial revision. However, the expediency of selling the Railways to the F. M. S. Government was even at that stage under consideration, and a joint committee was appointed to consider the question of price. In the Singapore Legislative Council, the Colonial Secretary in moving that the Council approves the sale, said that it would be within the recollection of hon. members that towards the close of 1911 a proposal was made and approved for the leasing of the Singapore Government railway to the F. M. S. Government for the sum of \$150,000 a year. Early in 1912 it appeared that this arrangement did not altogether meet with the approval of the unofficial members of the Federal Council and, in consequence, it was suggested that the F. M. S. Government should buy the railway outright instead of leasing it from year to year. The unofficial members of the Legislative Council were sounded on the subject, and the approval of the Secretary of State was obtained, and afterwards a committee was appointed for fixing the price at which this railway should be handed over. That committee consisted of the Colonial Treasurer, Treasurer of F. M. S., the General Manager of the F. M. S. Railways and the Colonial Engineer, and in October the Colonial Treasurer reported that the price fixed upon by the committee was \$4,136,000, which was the amount mentioned in the motion. He did not think there would be any opposition to the selling of the railway, but there might be a certain amount of criticism regarding the figure at which it was being sold, and he would, therefore, give some explanation as to the manner in which the figure was arrived at. The gross capital account at the time of the valuation was \$4,725,404.34, whilst the depreciation for rolling stock, plant, tools, etc., on the basis agreed upon, was fixed at \$220,293.62. The rebuilding of stations at Bukit Panjang, Bukit Timah, Newton, Holland Road and Cluny Road amounted to \$21,500; the replacing of abutments at Orchard Road and Killiney Road, \$20,000 each (\$40,000); renewal of pontoons and dolphins at Woodlands, \$19,649.23; re-construction of telegraph and telephones (new posts), \$4,500; cost of re-laying the line from Tank Road to Woodlands, \$298,549.26; the total deductions amounting to \$604,492.11. The capital account was thus reduced to \$4,120,912.23. To this had to be added \$29,314.27, being additional expenditure for heavy rails, and after a deduction \$14,250, the cost of a house sold to St. Mary's Home (balance not yet repaid to the railway) the balance left, in round figures, amounted to \$4,136,000. Regarding any criticism there might be on the gross capital account mentioned he might say that the original estimate for constructing the Singapore railway from Tank Road to Woodlands was \$981,440 and the revised estimate in 1901 was \$1,447,886, the total cost in 1903 being \$1,808,353. It would be seen from that, although the capital account up to the present represented \$4,725,404.34, that was a figure for which considerable latitude must be allowed for deduction, and the sum they were obtaining for the railway was by no means one which was disadvantageous to the Colony. With regard to the items that had been deducted he had had the opportunity of looking at the figures of depreciation referring to the Nigerian railway and the amount there was much higher than in their case. So, therefore, the figures, as worked out by the committee, were to the advantage of the Colony. If they considered the profits made, the figures again worked out to their advantage and he did not think that the amount arrived at by the committee was one which in any way should be unfavourable to the interests of the Colony.

GENERAL

Sino-Japanese Railway Conference.—At the recent conference at Tokyo the question of through traffic was exhaustively gone into, the subjects considered being:—Through traffic stations, through fare table, charges for parcels, free weight limits for passengers' baggage, charges for excess weight of baggage, availability of through tickets and their forms, indemnifications for loss and damage to parcels and baggage, settlement of accounts and distribution of the shares of the respective railways, the through traffic Management Office, and the official language, English being adopted. The business of through traffic management is to be undertaken in turn by the railways concerned, and the Imperial Government Railways of Japan are to be the first to assume the management of the through traffic.

India-China Communication.—An Indian contemporary says:—What is destined to become a link in the railway between India and China is about to be forged in Assam. This is the railway from Gauhati to Sadiya. Surveys, it was stated, have already been made and in about five or six years' time, the railway will be an accomplished fact. The new railway will not pass over the Brahmaputra, but run along the northern bank of the river. It seems that the railway will eventually be extended to the Chinese frontier and it may also possibly form part of the railway between India and Burma. It is interesting to find that the place known as Sadiya has not yet found a definite location on the map. Engineers from Dibrugarh have been trying to find a suitable site for the future capital of the North East Frontier Province. At present, Sadiya is nothing more than a name in spite of its bazaars and a few houses, the latter by no means of the skyscraper order.

A Non-Partisan Commentary on the Urga Protocol

(Continued from page 523)

the frontier. The strictness and alleged impracticableness of the methods employed is said to have had a very bad effect on the import. It has been suggested that a method more efficient and less harmful to trade would be the adoption of preventive measures amongst the herds in Mongolia itself. It is, however, to be supposed that the extreme difficulty of instituting such measures amongst a population so scattered as that of Mongolia has deterred the Russian Government from suggesting the attempt.

To conclude: it appears that the Urga Government are now taxing heavily the import of Chinese goods, while admitting Russian goods free. From Chinese sources it is stated that in consequence living has become very dear, which is probably true. It will be interesting to await the result to see whether the Russian merchant will rise to the occasion, be content with smaller profits, and succeed in supplanting the Chinese or not.

April 10th, 1913.

A Reuter telegram from Chengtu says that Szechuan is reported to be negotiating a provincial loan through the German Consul for Tls. 20,000,000. The slaughter tax and the oil tax will be security.

THE LUNG-TSING-U-HAI RAILWAY



The wavy lines denote existing railways north of the Yangtze; the dashes and crosses the proposed "Belgian" line, and the dotted line the option for extension

TRAMWAYS

Shanghai Tramways

The returns of the Shanghai Tramways (Foreign Settlement) for the month ended April 30, 1913, are as under:—

| | 1913. | 1912. |
|---|------------|------------|
| | \$ | \$ |
| Effective receipts (after deducting loss by exchange) | 270,454.91 | 246,266.49 |
| Passengers carried | 13,421,504 | 12,293,824 |
| Car miles run | 863,892 | 888,983 |

The loss by exchange of subsidiary coinage for the period was \$72,747.37 equal to 22.56 per cent. of the gross cash collected on the cars as compared with \$75,017.31 24.95 per cent. for the corresponding period last year.

Week ended April 23:—

| | 1913. | 1912 |
|---|-----------|-----------|
| | \$ | \$ |
| Effective receipts (after deducting loss by exchange) | 16,128.34 | 14,978.88 |
| Passengers carried | 810,962 | 762,207 |
| Car miles run | 50,915 | 52,250 |

The loss by exchange of subsidiary coinage for the week was equal to 23.26 per cent. of the gross cash collected on the cars as compared with 26.18 per cent. for the corresponding week last year.

Week ended April 30:—

| | 1913. | 1912 |
|---|-----------|-----------|
| | \$ | \$ |
| Effective receipts (after deducting loss by exchange) | 14,671.77 | 14,887.74 |
| Passengers carried | 733,068 | 742,197 |
| Car miles run | 48,984 | 51,294 |

The loss by exchange of subsidiary coinage for the week was equal to 23.27 per cent. of the gross cash collected on the cars as compared with 26.10 per cent. of the corresponding week last year.

Week ended May 7:—

| | 1913. | 1912 |
|---|-----------|-----------|
| | \$ | \$ |
| Effective receipts (after deducting loss on subsidiary coinage) | 18,559.36 | 15,907.76 |
| Passengers carried | 941,406 | 807,763 |
| Car miles run | 53,892 | 53,391 |

The loss by depreciation of subsidiary coinage for the week was equal to 23.37 per cent. of the gross cash collected on the cars as compared with 26.29 per cent. for the corresponding week last year.

Week ended May 14, 1913:—

| | 1913. | 1912. |
|---|-----------|-----------|
| | \$ | \$ |
| Effective receipts (after deducting loss on subsidiary coinage) | 17,688.02 | 14,925.69 |
| Passengers carried | 887,496 | 767,258 |
| Car miles run | 52,856 | 52,787 |

The loss by depreciation of subsidiary coinage for the week was equal to 23.69 per cent. of the gross cash collected on the cars as compared with 25.93 per cent. for the corresponding week last year.

Electric Tramways in Japan.—According to the *Osaka Asahi*, the profits of the electric tramways in the neighbourhood of Osaka, Japan, for the half-year ending March 31st—with the exception of the Keihan Electric Tramway—have shown a heavy decrease as compared with the figures for the preceding period. The various companies are experiencing great difficulty in arranging their rates of dividend for the period just closed, but owing to various circumstances some cannot reduce their dividends, and these have determined to

pay the same dividend as hitherto declared. It is said that 13 per cent. for the Hanshin, 9 per cent. for the Nankai, and 7 per cent. for the Mino-Arima are foregone conclusions, while 6 per cent. for the Hankai and 5 per cent. for the Koya Tozan and the Osaka Tramway are almost equally certain. The directors of the Keihan are inclined to recommend a dividend of 6½ per cent., but the large shareholders are demanding an increase to 7 per cent. The Kyoto Electric Tramway has suffered the heaviest decrease of profit, and opinion is divided among the directors as to whether 3 or 4 per cent. should be declared.

Foreign Loan for the Aichi Tramway.

The *Asahi* reports that the Aichi Electric Tramway Company, of Nagoya, Japan, has negotiated a loan of ¥1,000,000 through Messrs. Samuel & Co. The rate of interest agreed on is 7½ per cent., and the amount is receivable by the company at par. It is further agreed that the company will import rails and machinery to the value of ¥150,000 through Messrs. Samuel & Co., and the balance of the loan is to be drawn as required within one year from the date of the contract, which was to be signed at the end of May or early in June. With the money thus raised, the company will start the construction of a new line, 8 miles long, from Yokosuka, Chita district, Aichi prefecture, to Handa.

The Shioya Tramway Extension.

The extension of the Hyogo-Suma (Japan) electric tramway line to Shioya is making satisfactory progress. The section from the Shioya side being finished, work is now in progress along the shore near the Imperial forest, and should be finished by the beginning of July. The Company hopes to open the whole line to traffic before the summer months in order to carry people to Shioya for sea-bathing.

Mr. Kawanishi, President of the company, and other Directors are contemplating an extension to Akashi. In their opinion the difficulty arising from the narrowness of the road at Maiko may be overcome by the use of an elevated track.

The Tokyo Tramways.—Mr. Inoue, chief of the Tokyo Municipal Electricity Bureau, is quoted by the *Tokyo Asahi* as stating that the tramways extend now well nigh 142 miles and the cars on daily service number on an average 950. By the 5th year of Taisho, when the redemption of the first instalment of the foreign loan is due, the construction of all the projected lines will have been completed, while the installation of some 460,000 electric lamps will be completed in the course of next year. In these circumstances, the authorities are quite confident that the receipts will prove more than sufficient for the payment of the loans. The Tokyo Municipal Electricity Bureau has decided to issue bonds in Paris as soon as opportunity offers itself, to the amount of 14,500,000 yen, with a view to raising sufficient capital for the installation of 460,000 electric lamps and the construction of the projected new tramway lines.

The Nankai Railway Company.—The net profit of the Nankai (Japan) Railway Company for the half-year just ended amounts to ¥472,597, including a surplus of ¥241,247 brought over. This sum it is proposed to dispose of as follows:—

| | |
|----------------------------------|---------|
| Legal reserve | ¥11,600 |
| Bonuses of the officials | 6,000 |
| Dividend, 8 % per annum | 286,944 |
| Carried forward | 168,053 |

The board of directors has adopted a proposal to construct a new line from Wakayama (the present terminus) to Deshima, Wakanoura—a distance of 3½ miles. The funds required for building this new line, estimated at ¥650,000, are to be raised by a temporary loan.

The Hanshin Electric Tramway Company.—The net profit of the Hanshin (Japan)

Electric Tramway for the half-year just closed amounts to ¥445,758, including ¥85,923 surplus brought over. The profit is proposed to be disposed of as follows:—

| | |
|--|---------|
| Legal reserve | ¥18,000 |
| Bonuses for officials | 19,500 |
| Dividend, 13 per cent. per annum | 351,000 |
| Carried forward | 59,357 |

It is reported that the Hanshin (Osaka-Kobe) Railway Company intends to increase its capital to 14,000,000 yen or double the present amount, for the completion of the proposed lines and some improvement works.

Peking Tramway Co.—It has been announced that the construction of the Peking Tramways was to begin early in June.

Yokohama Tram Companies.—The Yokohama Electric Lights Company is planning to build a light electric railway from Yokohama to Uraga for the distance of five miles at an expenditure of 650,000 yen. An application will be forwarded to the government after the matter is fully approved by the general meeting to be held June 20th.

At a general meeting of the Yokohama Electric Tramway Company a proposal of increasing the present capital of three million yen to 6 millions was to be submitted for their approval.

Laohutan (Dalny) Line.—The results of surveys made by experts of the South Manchuria Railway Co. show that the proposed extension of the electric tramway on the Laohutan suburban line from the present terminus at Creek Bridge to Laohutan will cost approximately ¥80,000, if a tunnel were to be excavated, and only about ¥10,000, if the track for the extension is to be laid along a ledge to be made on the west side of the hills by cutting work.

INDUSTRIAL

New Flour Mill in the Hokkaido.—The *Asahi* reports that the Suzuki Shoten, of Kobe, Japan, who purchased the Sapporo Flour Mill Company some years ago and have been supplying the Hokkaido with flour, have decided to construct a flour-mill at Otaru, where there are facilities for obtaining supplies of wheat. This plan has been devised owing to the fact that the demand for flour in the Hokkaido has largely increased of late, and the Sapporo Mill cannot meet requirements. The new mill at Otaru is designed for a capacity of 250 barrels a day.

Japan's Spinning Industry.—According to returns published by the Japan Cotton Spinners' Association, during the second half of last year there were 24 spinning companies in Japan, with an aggregate paid-up capital of ¥68,429,000, reserve funds amounting to ¥27,830,400, and with debentures and other loans outstanding amounting to ¥20,089,000. The total net profit, after deducting the reserve for depreciation of machinery and buildings amounted to ¥8,934,000. Compared with the preceding period, the amount set aside for depreciation showed an increase of ¥3,104,000, the amount paid in dividends an increase of ¥956, the sum set aside for reserve an increase of ¥950,000, and the amount carried forward an increase of over ¥1,886,000.

Machinery and Japanese Tea.—Kobe tea has had the reputation of being unattractive in appearance in the leaf, but of excellent colour and flavour when infused. Last year, says the *Asahi*, complaints were heard among the foreign tea firms in Kobe and also on the American market against the quality of Kobe tea. These complaints were due to Yamashiro leaves—which were rubbed by machinery—being mixed

with the leaves shipped last year. Tea producers in Nara prefecture have begun to use machinery extensively, the system having been introduced from Shizuoka. On the other hand, the foreign tea firms in Kobe strongly object to the mixture of the hand and machine prepared leaves. They complain that the colour of the tea rubbed by machinery is not so black as that rubbed by hand, and the manner of rolling is not so satisfactory. The consequence is that when the tea is refined at Kobe a large quantity of dust is made, which results in a serious loss of weight and which in turn make the price higher. Since the prohibition of the use of coloured tea in America, it has become necessary for exporters to make tea as black as possible in appearance, and to have the leaf nicely rolled. Owing to the smaller purchases made by the foreign firms last year, a considerable stock of the second picking of Yamashiro tea is still held in the interior, and some brokers have sustained heavy loss. The producers of Yamashiro tea have extended the use of machinery this year, and have lately purchased over 200 new leaf-rolling machines. The use of machinery, adds the Osaka journal, will save labour and other expenses, but if the tea is intended for export, leaves must be prepared by hand, or, if machinery is used, it must be improved so as to remove the present defects of machine-rolled tea.

Sankosha Glass Factory.—The Sankosha Glass Factory proposes to build a new workshop at Hsiaokangtzu on a tract of land of 1,000 *tsubo*, not including workmen's quarters.

New Ice Plant for Manila.—A new ice plant with a capacity of seventy tons is shortly to be erected in Manila by Mr. B. Montague of Batangas. The machinery will be supplied by Messrs. Frick & Company of Waynesboro, Pennsylvania.

Cotton Weaving in Okayama.—The cotton weaving industry is making rapid progress in Okayama prefecture, Japan, and power-looms are rapidly replacing hand-looms. In Ota and Shizuki district power-looms showed an increase of 550 last year and there are now 800 power-looms in the two districts mentioned, where weaving, which had been carried on by farmers as an auxiliary, is rapidly becoming the sole occupation of those engaged in it. Not so many power-looms are used in Kojima district, the number being about 350. In Tsukubo district there are 200; in Oku and Jodo districts 50, and in Ikaiwa district 100. The total value of the cotton cloths produced in these districts now amounts to about Y. 5,000,000 a year, and is expected to increase with the growing popularity of power weaving.

MINING

The Fushun Collieries.—The monthly outputs of the Fushun Collieries for the first three months of this year were as follow:

| | January. Tons. | February. Tons. | March. Tons. |
|---------------|-------------------|--------------------|-----------------|
| Unscreened... | 52,589 | 51,045 | 66,718 |
| Lump ... | 30,197 | 28,868 | 28,390 |
| Dust "A" ... | 40,469 | 39,933 | 37,689 |
| " "B" ... | 325 | — | — |
| Total ... | 123,580 | 119,846 | 132,797 |

In December last it was reported that, owing to the Fushun colliery not being advantageously situated for exporting, the South Manchurian Railway, which works it, was turning its attention to the production on the spot of sulphate of ammonia, which is largely imported into Japan from abroad for the manufacture of fertiliser. More recent reports would indicate that this expedient for getting rid of stocks is not at present necessary. The colliery disposed of 1,500,000 tons of coal last year and expects to increase its output during the present year to 2,000,000. The closing of the Yubari colliery has been to the advantage of Fushun, and the demand in Korea is growing, in spite of the

higher prices asked. Even the export trade appears more hopeful than formerly, since Fushun coal, which had formerly reached no further than Singapore is reported to have been shipped to Bombay of late.

Kailan Mining Administration.—The total output of the Kailan Mining Administration's mines for the week ending April 19 amounted to 36,044.85 tons and the sales during the same period to 51,324.09 tons.

For the week ended April 26 to 34,164.90 tons and the sales during the same period to 44,205.10 tons.

For the week ending 10th May, to 36,247.55 tons and the sales during the same period, to 42,567.03 tons.

For the week ended May 17 to 36,756.57 tons and the sales during the same period, to 43,665.64 tons.

The Chinese Engineering & Mining Co., Ltd., has declared an interim dividend of 3½ % free of Income Tax on account of the year ending 30th June, 1913, which was payable on the 15th May.

Production of Copper in Formosa.—According to the *Tokyo Economist*, the production of copper in Formosa has been increasing rapidly year after year. The total value of copper produced in the colony amounted to Y. 1,031,460, a two-fold increase on the figures for the preceding year. Last year the copper mines in the colony suffered severe damage from storms and floods, but despite this a very satisfactory result was shown. If the working of the mines is not interfered with by storms this year, and full operations are carried out, an increase of 50 per cent. will be shown in the output. Last year copper represented 25 per cent. of the total mineral products in the colony. At present the Kinkwaseki mine, in Formosa, occupies fifth rank among the copper mines of the Japanese Empire, and it is expected that the mine will rise to third or even second position this year.

Asbestos Mine Near Chinchou.—The asbestos mine at the eastern foot of Daioshozan (Mt. High Priest) yields asbestos of fine quality which compares well with second class goods on the London market. This mine is now being worked under the joint management of the Japanese concessionaire, Mr. Masuda, and the Japan Asbestos Co., Tokyo. The working gang has been much enlarged and now it comprises 4 Japanese foremen and about 100 Chinese miners. The daily output is about 700 *kin* and is supplied principally to the Imperial Japanese Navy, the Imperial Government Railways and factories using steam engines. The mining concession contains 210,000 *tsubo* and is at a village called Tungchiakou.

Gold Mines in North Manchuria.—Many gold mines are located in the north-western part of Amur Province. Especially, the upper valley of the Amur River, that is the district stretching for 1,500 li from the point where the Shilka converges into the Erwatoho down to the laheih, is literally covered with gold dust. On the northern bank, which is Russian territory, mining is carried on successfully under the system of colonization, but on the opposite side, the wild tribes living in the region thereabout having no thought of operating the natural wealth little is done toward excavating the precious metal. There is a mine, however, at Kilarin, supposed to be the richest gold mine in North Manchuria, which is worked with somewhat up-to-date machinery. But owing to the ineffective military protection given to it on account of the difficulty of communication, the mine suffered looting several times. Since the raid was made by Mongolian troops, last year, the Chinese garrison was reinforced but, the troops being outnumbered by lawless bands, who poured in from all directions for the very purpose to rob the output at every given opportunity, they are practically helpless to protect the mine.

Aroroy (P. I.) Mines.—The Syndicate Mining Company has acquired the property formerly leased from the Eastern Mining Company, in the Aroroy district and has started to develop it. A 60 ton mill which will cost P. 175,000 will be purchased and it is expected that it will be in operation in six months' time. The property is situated in the Aroroy mining district, where already are the Colorado mine—perhaps the most successful in the islands—and the Keystone. The addition of this important third to the number is an event of exceptional interest.

American Mines in Korea.—America has a large mining interest in Korea. The oldest and most profitable gold mines in the peninsula are those at Wun-san, which are owned and operated by an American corporation called the Oriental Consolidated Mining Company with a capital of \$5,000,000. The corporation was organized by James R. Morse of New York in the nineties, and was incorporated under the laws of West Virginia. The Su-an gold mines, also owned by an American concern known as the American Mining Development Company, are reported to be in a prosperous condition. According to the latest information the annual output of the Su-an mine is about 1,000,000 yen, while the Unsan gold mine annually yields some 3,000,000 yen gold. These two mines are the principal gold mines conducted by foreign concerns in Korea. Besides these, there is a gold mine at Chyansong, which has been recently purchased by a London firm and is now conducted under the management of French experts. This mine is, however, still in the course of experimental digging.

The Kapson copper mine at Hamnan, belonging to the American Mining Development Company, and the Huchyong copper mine, owned by the Italian Mining Company, are also in an experimental stage. Applications for gold mines and for gold-dust mining are occasionally sent in by foreigners, but they are all on a small scale.

HARBORS

Sendai to Rival Yokohama.—Mr. Takagi of the Miyagi (Japan) Local Government reports a scheme already in hand for dredging the sea of Matsushima so as to enable steam ferries to go freely to any of the pine-clad isles, without fear of getting stranded on shoals and also to reconstruct the harbor of Sendai with a view to enable steamers of 4,000 tons to anchor with ease, the scheme being that this should be completed within the space of ten years. Should this plan be consummated ships coming from America would find it far more convenient to go to Sendai than to Yokohama.

Wharves at Vladivostok.—According to a Tokyo newspaper, the Russian Government will undertake from the present fiscal year an extension of the harbor limits of Vladivostok, together with the construction of an additional wharf and three pontoons, on a three-years' programme, at an estimated outlay of Roubles 7,000,000, of which Roubles 1,600,000 will be invested in the current year. There are now the following six wharves and pontoons in that port:—

| | |
|------------------------------|-----------|
| 1. I.R.M. Customs Wharf ... | 1,536 ft. |
| 2. C.E.R. Stone Wharf... .. | 702 " |
| 3. " Floating Pontoon... .. | 1,122 " |
| 4. R.V.F. Stone Wharf | 324 " |
| 5. " Floating Pontoon... .. | 282 " |
| 6. Municipal Wharf | 348 " |

4,314 ft.

These wharves combined are capable of berthing at the same time fourteen vessels and of handling altogether 37,000,000 puds (616,667 tons) of goods per annum.

The volume of traffic of the port is, however, markedly growing year after year, having increased by 46,120,000 puds of goods during the past five years.

Under such conditions, the present harbor arrangements can hardly cope with the situation. When the whole work is done, over forty vessels are expected to be able to be berthed alongside the wharves.

Tokyo Harbor Construction Plan.—Mayor Baron Sakatani introduced recently into the Tokyo Aldermanic Assembly his plan for the construction of a harbor in Tokyo, which was an important plank in his platform at the time of his nomination. According to the plan, which was referred to a committee at once, the work is to be completed in ten years at the cost of 20,000,000 yen, and for it is to be raised a loan of 31,890,000 yen. The loan, however, is to be issued not at one time, but at several times, such as 6,000,000 yen each in first, third and fifth years, 7,000,000 yen in the 7th year and 6,890,000 yen in the 9th year, for a 100 yen face value, net receipt of 90 yen and a 5 per cent. rate. As to the redemption of the loan Mayor Sakatani expects to effect this in 26 years after the completion of the work in case the Government gives any subsidy towards the construction expenditure as it has done towards the construction of important harbors like Tokyo in the past, but failing this, in 44 years.

Dairen Quay.—The reconstruction of the quay wall of the western side of west (Main) Quay, Dairen, to vertical facing, which was taken in hand by the South Manchuria Railway Co.'s Harbor Works authorities at the estimated cost of Y.465,000, is now making good headway. Concrete blocks have already been laid down.

The work is expected to be finished in May, 1915.

South Manchuria Railway Plans.—What new plans of harbor works have been taken in hand since the beginning of the present fiscal year or are on the programme for future execution by the S.M.R. Co. are tabulated as follow:—

| | To be completed by Fiscal Year | Estimated outlay |
|--|--------------------------------|------------------|
| Construction of New Quay 1917 | Y.3,000,000 | |
| Goods Pier at Jijiko ... | 1914 | Unknown |
| Reclamation of shore-line at Jijiko ... | 1914 | 745,000 |
| Construction of North-west Breakwater ... | 1916 | 5,000,000 |
| Construction of Breakwater for Junk Basin ... | 1914 | 150,000 |
| Dredging work ... | 1915 | 1,200,000 |
| Reconstruction of the entrance of the Dairen Dock ... | 1913 | 150,000 |
| Construction of Wharf at Japanese Settlement, Yingkou ... | 1913 | 110,000 |
| Bundling work at Antung | 1913 | 4,800 |
| Dredging of the Yalu ... | 1914 | 100,000 |
| Extension of Shanghai Wharf ... | 1914 | 15,000 |
| Reconstruction of East Quay wall ... | 1913 | 800,000 |
| Reconstruction of quay wall of west side of West (Main) Quay ... | 1914 | 640,000 |

Harbor works at Lienshan.—The harbor works at Lienshan, Manchuria, require Y.300,000 more for their completion. However, the difficulty in the shape of the lack of funds has tied up the work.

Kobe Harbour Works.—The construction of the Kobe harbour works, says the *Kobe Shimbun*, is making satisfactory progress. Out of the eighty odd caissons to be used in the construction of the piers, about fifty are already finished. The authorities concerned are making great efforts to have the western pier ready for use by steamers by the end of June.

Pier at Fusan.—The construction of the pier at Fusan, which was started some months ago at an estimated cost of 780,000 yen, has been completed.

LUMBER

Exploiting Philippines Timber.—A company is being formed, according to the *Manila Daily Bulletin*, to exploit the timber resources of the Philippine Islands on a gigantic scale. It is stated that it is likely that a line of freight steamers will be employed in the movement of timber to points of distribution, which will be San Francisco, New York and London. The company is now negotiating for two concessions of 500 square miles each on one of the islands of the Philippine archipelago. The timber will be shipped in its crude state and given the manufactured finish in the United States.

LIGHT AND POWER

Anglo-Japanese Hydroelectric Co.—It is reported that the Anglo-Japanese Water Power Company will shortly establish its second power station, which will supply 4,000 H.P. of electricity in addition to the present supply.

This company is now supplying with electric light and power all the districts in Enshu Province, Japan, with Hamamatsu as its center, with the exception of the towns of Fukuroi, Nakaidzumi, and Futamata, which are supplied by the Tenryu Electric Company. The light supplying capacity was at first estimated at 25,000 lamps, but the demand has exceeded the estimated capacity, the number of lamps having reached 30,000. The consequent shortage of supply has made the company decide to establish another powerhouse to meet the demand. The company, having secured a suitable site on the River Tenryu for the construction of the new factory, has recently applied for a permit to start the work. The new instalment will add 4,000 horse-power to the present supplying capacity.

Kyoto Electric Co.—The Kyoto Electric Co. it is said will shortly issue a loan of either 1,000,000 yen or 1,500,000 yen for the expansion of work and the redemption of old debt.

Hankow Light & Power Co.—During the financial year ended March 31, 1912, the profit was £1,731.18s.10d. The receipts for the year as compared with the corresponding period for the year ending 31st March, 1911, are as follow:—

| | Year ending 31st Mar. 1911 | Year ending 31st Mar. 1912 |
|-------------------------|----------------------------|----------------------------|
| | £ s. d. | £ s. d. |
| Private Lighting... | 6,769 12 0 | 7,929 1 2 |
| Public Lighting .. | 1,824 17 0 | 1,981 17 7 |
| Power | 59 0 4 | 103 10 1 |
| Motor Rents... | 278 2 0 | 334 14 6 |
| Installation & Repairs. | 49 14 6 | 428 15 3 |
| | £8,981 5 10 | £10,777 18 7 |

The gross receipts for the year under review show an increase of £1,796 12s. 9d., or nearly 20 per cent.

The working expenses for the year were 38.95 per cent. of the total receipts, as against 50.89 per cent. for the year ending 31st March, 1911, showing a decrease of 11.94 per cent.

Baguio Installation.—The Benguet Commercial Company has installed an electric light plant in the Baguio Hotel in connection with its cold storage plant, the only one now carrying stocks of meat in the city. The plant has a 200 light capacity and the dynamo is a Westinghouse. A 20 h. p. boiler has been installed to provide the motive power.

Kawakita Electric Works.—The Kawakita Electric works in Osaka, which were formerly run by Mr. Yoshino Kawakita, have recently been converted into a joint stock system and at the same time the capital increased to 1,000,000 yen. Mr. Kawakita was nominated the president of the new company.

Osaka Electric Light Supply.—The authorities in the Osaka (Japan) Municipality have recently planned the municipalization of electric light supply in the city and approached the directors of the Osaka Electric Light Company, which monopolizes service in Osaka, but the negotiations failed a few days ago, because of the difference of opinion about the price, namely, the municipal authorities offered 30,000,000 yen or so while the company demanded nearly 50,000,000 yen. The Municipal authorities are trying to persuade the company to lower the rates of electric light supply. On the other hand, however, it is reported that Baron Fujita may act between the Municipality and the company to find out some means of compromise about the price.

Tokyo Electric Bureau's Revenue.—The account of the Electric Bureau of the Tokyo Municipality for the fiscal year 1912-13 was 9,373,145 yen of revenue and 3,912,622 yen of expenditure with a balance of 5,460,523 yen, and out of this balance were paid the interest on the bonds, etc., etc.

Liaoyang Electric Light Co.—The Liaoyang Electric Light Co. adopted at its second regular general meeting the following statement of accounts for the last term:—

| | |
|---|----------|
| Total profit | Y.20,080 |
| „ outlay | 12,673 |
| Net profit | 7,407 |
| Brought forward from preceding term | 198 |
| Total | 7,605 |
| Disposed of as follows:— | |
| Reserve fund | Y. 2,400 |
| Bonus to officers | 600 |
| Dividend to shareholders | 4,200 |
| Carried forward to the next term .. | 405 |

THE PHILIPPINES BUREAU OF SCIENCE

(Continued from page 524)

laboratory space. Unless the appropriation is increased, the Bureau cannot continue to develop. Its greatest usefulness is curtailed by lack of funds. The greatest need was for enlarged accommodations for the testing laboratory, and additional space for the vastly increased work in testing and in other directions. In regard to space, it was felt that the only way in which it could be satisfactorily supplied, was to add to the west end of the main building of the Bureau of Science, a wing of the same dimensions as that which was begun on the east end two years before.

Work at the Iloilo sugar laboratory had increased so much that it had been necessary to send assistance to the man regularly detailed there. It was desirable that an experimental station should be established within easy access of the Iloilo laboratory where cane from different countries could be compared and new varieties propagated. If a suitable experimental farm should be provided and funds for its equipment and maintenance appropriated, the entomologists and botanists of the Manila laboratory temporarily could assist with experimental work, until such time as it became necessary to maintain those scientists permanently for that work. It was recommended that an appropriation of P. 30,000 be added to that for the Bureau of Science, in order that parallel salaries might be maintained between the Bureau and other branches of the Government. A fund was necessary to enable the Bureau to make a thorough pathological and bacteriological investigation of the subject of animal diseases.

In regard to the library, an advisable expenditure would be P. 50,000 to complete the incomplete sets now in the library.

If the services of one or two additional men could be secured, the work on the fish and fisheries of the Philippines could be greatly extended.

SUGAR

The Sugar Industry in Formosa.—The *Osaka Mainichi* (Japan) is pessimistic about the outlook of the sugar industry in Formosa. In the opinions of the *Osaka* journal, the time has now arrived for effecting a revolution of the industry. The planting of the sugar cane for this season, says the journal, is now practically completed, and judging from the area planted, the output of sugar this year may be estimated at about 4,500,000 bags. The sugar mills in the colony, however, used the cane preserved for the shoots to be planted this year in order to minimise as far as possible the decreased production last year as the result of the damage to the crop by storms. This has led to a deficiency in the supply of the shoots for planting this year, and shoots have been imported from Hawaii. Happily the weather has been very favourable since the planting, but the shoots imported from abroad have been invariably unsatisfactory. In addition to this, the tendency is increasing among the farmers to cultivate rice, on account of the high price of the cereal, rather than sugar cane, while the Formosan Government is concentrating its energies on encouraging the cultivation of cotton, hemp, and other new products, neglecting the sugar industry. In these circumstances it is believed that the output of sugar this year will not exceed 3,000,000 bags. In view of this state of things the Meiji Sugar Company has decided to absorb the Toroku Sugar Company in order to strengthen the position of the sugar industry in Formosa. It is believed that the sugar companies now in existence in Formosa, numbering over 30, will be eventually absorbed into five or six big companies. The storms of last year, concludes the *Osaka* journal, have dealt a heavy blow to the new sugar companies in the colony, which are not yet on a stable basis. They have now been compelled to take various measures to repair the damage they suffered, and the time is now opportune for a complete revolution of the sugar industry in Formosa.

COTTON

Dah Sun Cotton Spinning Mill.—It is interesting to note that the attention of the Chinese people toward industrial enterprises is growing more pronounced, and we find that people of Nan-Tungchow, the native place of the distinguished Chang Chien, is especially active in this direction. A number of factories and mills were established many years ago, and are reported to enjoy a good standing.

One of the biggest companies is the Dah Sun Cotton Spinning Mill, which is assuming larger proportions and greater importance each year. The Mill has already established a branch at a place called Kiu-Loong, and both the Head Mill and the branch are yielding handsome profits. A Directors' Meeting was called recently, and they decided to expand the business and put up a Spinning Mill. The original proposal was to draw Tls. 300,000 from the assets of Head mill and to subscribe for Tls. 300,000 more, totalling Tls. 600,000, as capital for the new spinning mill. It was, however, calculated that the purchasing of new machinery and other initial necessities would require an outlay of Tls. 800,000, so Tls. 400,000 will be drawn from the capital of the head mill, and another Tls. 400,000 will be offered for subscription.

The meeting also raised the question of the importance of Haimenting as a port, and they decided to establish a branch at the place. This branch will have Tls. 30,000 as a start, and the Directors will soon apply to the Ministry of Industry and Commerce for registration.

FINANCIAL

Company Promotion in Japan.—Returns published by the Department of Agriculture and Commerce show that during March 486 new

companies were formed with an aggregate capital of Y.12,729,196, showing an increase of 163 in the number of the companies and of Y.6,024,805 in the amount of the capital on figures for the preceding month, and an increase of 176 in the number of companies—but a decrease of Y.1,269,734 in the amount of capital—on the figures for the corresponding month last year. This has brought up the total number of the companies formed this year to 1,170, and the total amount of capital to Y.26,040,065, representing an increase of 430 in the number of companies, but a decrease of Y.4,167,462 in the amount of capital on the figures for the corresponding three months of last year. Divided according to the nature of the proposed business, the companies formed in March are as follow:—

| | | | | | |
|-------------------|----|----|----|----|-----|
| Agriculture.. | .. | .. | .. | .. | 8 |
| Marine Produce .. | .. | .. | .. | .. | 2 |
| Forestry .. | .. | .. | .. | .. | 2 |
| Manufacture .. | .. | .. | .. | .. | 162 |
| Mining.. | .. | .. | .. | .. | 8 |
| Commerce .. | .. | .. | .. | .. | 16 |
| Transport .. | .. | .. | .. | .. | 27 |
| Others .. | .. | .. | .. | .. | 116 |

Tokyo Electric Bureau.—As already reported, the Tokyo City Electric Bureau has decided to float a loan to the amount of 15,500,000 yen with the view of securing the funds necessary for the construction of the projected new tramway lines, eighty miles in length, and the installation of 460,000 electric lamps, as well as supplying a deficit of 3,000,000 yen in the proceeds of the city loan at the time of the municipalization. The proposal is now under consideration by a committee composed of members of the Municipal Council. It is stated that the interest on the loan will be 5½ per cent. and the term of redemption 23 years, beginning with 1917. The Council is expected to pass the bill unaltered.

The Siam Commercial Bank, Ltd.—The Balance Sheet for the half-year ending 31st March, 1913, stated that the net profit after making ample provision for all bad and doubtful debts, deducting rebate on bills not due and allowing for interest accrued to date upon fixed deposits and for other contingencies, amounted to Tcs. 335,497.42, including Tcs. 78,556.12, brought forward from the last account.

The Directors recommended that there be transferred to the Ordinary Reserve-fund in accordance with the Statutes .. Tcs. 26,624.13 and transferred to the Extraordinary Reserve-fund .. " 75,000.— a dividend for the half-year be declared at the rate of 8 per cent. p.a. absorbing " 120,000.— there be applied as statutory remuneration to the Board " 7,812.36 and as bonus to the staff " 6,277.99 leaving to be carried forward to the next account " 100,712.94

335,497.42

The Comptroller General of the Ministry of Finance certified in the Balance Sheet that Siamese Government 4½ per cent. Bonds of the nominal value of £4,000—(four thousand Pounds)—are held by the Ministry of Finance for and on account of the Savings Department of the Siam Commercial Bank.

Shanghai Municipal Loan of 1913.—The Shanghai Municipal Council announced in the Municipal Gazette that applications amounting to Tls. 565,300 had been received in response to Notification No. 2204, and allotments to the full amount of the new 5½ per cent. loan, namely, Tls. 500,000 had been made, under the direction of the Finance Committee, at par.

Japan's Railway Finance.—During the last session of the Japanese Diet, Baron Takahashi, the Minister of Finance, declared that the funds temporarily borrowed by the Government from various sources on railway

account, would be repaid with money raised by means of a foreign loan to be floated at an opportune time. The money so borrowed amounted to Y.100,000,000 in all. Recently short term bonds were issued in London for £3,000,000, and negotiations have been in progress with the Rothschilds in Paris for the issue of the balance. Negotiations have come to a successful conclusion for the issue of bonds to the amount of 200,000,000 francs (Y.77,400,000), bearing interest at the rate of 5 per cent. The issue price is 98, and the bonds are redeemable in ten years.

The following rules have been issued by the Finance Department in regard to this loan:—

1. The Government shall issue Treasury bonds in France for the amount of 200,000,000 francs in accordance with Article 3 of the Finance Law of the Imperial Railways, for the purpose of redeeming the short term bills and other loans, appertaining to railway finance.

2. The rate of interest on this Treasury bond issue shall be 5 per cent. per annum, payable on May 1st and October 1st for the preceding six months.

3. The principal of this Treasury bond issue shall be redeemed on May 1st, 1923, at face value.

4. The bonds issued shall be for 500 francs each, with interest coupons attached, and will not be endorsed with names of holders.

5. The issue price of the bonds shall be 98 francs for 100 francs face value.

6. The interest on the bonds shall be computed from May 1st, 1913.

The total amount owing by the Government for railway finance was as follows:—

| | | | | |
|--|----|----|----|---------------|
| 1. Borrowed from the Deposits Bureau.. | .. | .. | .. | Y.37,500,000 |
| 2. Borrowed from the currency readjustment fund .. | .. | .. | .. | 5,000,000 |
| 3. Short term bills (due on March 14th last) .. | .. | .. | .. | 30,000,000 |
| 4. Exchequer bills (due on March 14th) .. | .. | .. | .. | 10,000,000 |
| 5. Short term bills (due on April 14th) .. | .. | .. | .. | 25,000,000 |
| Total .. | .. | .. | .. | Y.107,500,000 |

Of this amount, Y.9,000,000 borrowed from the Deposits Bureau, and Y.20,000,000 on short term railway bills—Y.20,000,000 in all—were redeemed with the money obtained by a loan raised in London in April, and the money to be raised by the present French loan is to be used for redeeming the balance—Y.98,500,000. Taking a franc at 38.7 sen in Japanese money, Y.200,000,000 francs to be now raised will equal Y.77,400,000.

The Government is reticent regarding the commission payable to the underwriters, but it is believed by the leading bankers that the commission is 4 per cent. In this case, when commission and stamp duty have been deducted, the actual amount receivable by the Government will not be more than Y.72,000,000. By the two foreign loans negotiated in London and Paris, the Government will be enabled to replenish the gold reserve held abroad, about which the authorities are much concerned, and supply funds to the Deposits Bureau, which can be made use of by the Government in case of need, and the financial authorities will thus find much relief from their troubles.

The *Osaka Mainichi* remarks that the money market will be little affected by the new French loan, as the amount of money to be supplied to the public is not more than Y.45,000,000 by the redemption of Exchequer bills (Y.20,000,000 due on June 13th) and Railway Notes (Y.2,500,000 due 30th), the balance of the loan money being paid for the settlement of the funds drawn from the Deposits Bureau. But the Government has to redeem Y.10,000,000 of the bonds redeemable in the financial year just closed, purchasing them at market price and more, by drawing lots by the end of June next. In addition to this, the Government has to arrange for the amortisation of Y.50,000,000 worth of bonds redeemable this year. When this money is supplied, a serious change may be brought about in the money market.

New Domestic Loan.—After consultation with leading bankers of both Tokyo and Osaka the Japanese Government decided and then officially announced its scheme to issue a loan 30,000,000 yen worth at the home market for Korea, one object being to prevent the French capital to be shortly imported from affecting the domestic money market. Rate of interest is 5 per cent. the term of redemption four years and half and the price of issue 95 yen. It is said that 16 leading banks both in Tokyo and Osaka have agreed to take up 24,000,000 yen themselves of the new loan.

Osaka Electric Railway Co. Loan.—The Osaka Electric Railway Company at its last directors' meeting decided to float a short term debenture to the value of 2,000,000 yen for an 8 per cent. rate to be redeemed in four years.

The Bank of China.—The Bank of China is to act as the Treasury for the Government. The regulations have been made, and the Customs Revenues of Shanghai and Hankow have already been deposited with the Bank. Mr. Sun Tu-sun, the Director-General of the Bank, has asked the Ministry of Finance to notify the Inspectorate-General of Customs that all Customs Revenues hereafter are to be deposited with the Bank of China.

Chihli Foreign Loan.—The Chihli Tutuh is reported to have concluded negotiations with a Belgian Banking Corporation, for a loan of £500,000, the bonds for which were issued on the market of Brussel and Antwerp. It is said the public were very enthusiastic in buying the bonds.

The interest is said to be $5\frac{1}{2}\%$, and the price to the Government £95 $\frac{1}{2}$. The Central Government acts as guarantee.

Kwantung Foreign Loans.—A Hongkong telegram states that on account of the discounting of bank note values, the Canton Tutuh has decided to float a loan of £5,000,000 to adjust the financial market. He has wired the Government for approval, and has asked Mr. Liao Chung-kai, who is at present in Peking, to confer with the Finance Minister about this matter.

Japanese Banks and Companies Indebtedness.—The Industrial Bank of Japan has made public the results of an investigation, according to which the total amount of debt of both companies and banks throughout the country, as it stood at the end of the last fiscal year (March, 21st) was 501,566,000 yen, namely 355,566,000 yen of domestic debt and 146,000,000 yen (£14,600,000) of foreign debt.

Another Manchurian Railway Loan.—The Osaka Mainichi learns that the Government, encouraged by its recent success in the flotation of loans abroad, intends to issue another loan of 15,000,000 yen in Paris for the Manchurian Railway Company, which feels in need of funds for its undertakings this year.

Public Loan Bonds for Hankow Reconstruction.—The President's Office recently received a wire from Vice-President Li Yuan-hung stating that since the burning of Hankow during the Revolution, trade has suffered greatly and although he has proposed the rebuilding of the town, yet the undertaking was delayed for lack of money; that he had referred this matter to the Provincial Assembly, which had sanctioned the issuing of Public Loan Bonds to carry on the work.

The main features of the Public Loan are as follow:

1. The proceeds of the loan shall solely be used for the reconstruction of Hankow.
2. The amount of the Public Loan shall be Tls. 10,000,000, and the bonds shall be of the following denominations: Taels 5, 10, 20, 50 and 100.
3. The Annual interest 6%.
4. The bonds shall not be sold or mortgaged to foreigners.
5. Repayments shall take place from the fifth year after issuance, and the whole amount will be cleared in fifteen years after the issuance.

Hokkaido Debentures.—The Hokkaido Colonial Bank is issuing debentures for 1,000,000 yen at 6 per cent., issue price not less than 95 yen. Redemption is to be made in 20 years, twice a year, after April 30, 1915.

Mercantile Bank of India, Ltd.—The twentieth annual report states:—The directors submit to the shareholders of the Bank the general balance sheet and statement of profit and loss account for the year ending 31st December, 1912. The net profits for the year, after providing for bad and doubtful debts, and including £29,139 17s. 1d. brought forward from last account, amount to £128,105 os. 6d. From this sum has to be deducted £19,687 10s. 0d., being the interim dividend of $3\frac{1}{2}\%$ per cent., free of income tax, on the "A" and "B" shares paid for the half-year ending 30 June, 1912. The directors have added £50,000 to the reserve fund (raising it to £415,000) and £3,000 to the officers' pension fund. They now recommend a further dividend on the "A" and "B" shares of $4\frac{1}{2}\%$ per cent., free of income tax, for the second half of the year (making 8 per cent. for the year), leaving a balance of £30,105 os. 6d. to be carried forward.

Kawasaki Dockyard Co.—The present capital of the Kawasaki Dockyard Co., in Kobe is 10,000,000 yen, of which 8,000,000 yen is paid up. The authorities of the company have now decided to have the remaining 2,000,000 yen of the present 10,000,000 yen paid up and then to increase the capital to 20,000,000.

Japan's Customs Revenue.—The total amount of revenue from customs in Japan during the period from April 1st to the end of February reached 61,937,892 yen, to which may be added about 5,000,000 yen, the estimate by the authorities concerned for the month of March. Thus the total receipts for the fiscal year ending March 21st are over 66,930,000.

This total shows an increase of 17,000,000 yen or about 34 per cent. over the Government's estimates of over 49,890,000 for the said fiscal year. The excess has never been paralleled in the past in this country, and the reason for it according to the authorities, is the increased importation of foreign sugar, rice, iron materials and manufactures and mineral fertilizers, etc.

Of the customs revenue for the past 11 months ending with February over 58,860,000 yen is allotted to Japan proper, over 1,510,000 yen to Korea and over 2,550,000 yen to Formosa.

Netherlands India.—The *Nederlandsche Staatscourant* publishes particulars of the amounts allocated in the Netherlands Budget for expenditure in the Netherlands East Indies in 1913, from which the following is extracted:—Department of Public Works: 6,494,600 gulden for general building operations; 10,800,900 gulden for irrigation and drainage works, bridge building, road making, etc.; 8,658,400 gulden for harbour works, extensions, and improvements at Sourabaya, Samarang, Macassar, Tandjong-Priok, Pantai Timorbaai, Tjilatjab, Belawan, Emmahaven, and Telok Nibong. Department of State Enterprises: 5,478,000 gulden for railway and tramway construction and extensions. The Budget also includes a special increase of 1,324,000 gulden towards defraying the expenses in connection with the construction of a railway from Cheribon to Kroja.

COMPANIES

Business Companies in Japan.—According to returns made by the Department of Agriculture and Commerce, the number of joint stock, ordinary and limited partnership companies in existence in Japan at the end of 1912 was 13,041, with an aggregate paid-up capital of Y.1,549,369,833, and an aggregate reserve fund amounting to Y.401,111,353.

Green Island Cement Co., Limited.—The report for the year ending 31st December, 1912, states that after allowing for auditors' and Consulting Committee's fees, writing off \$8,042.54 loss on sale of steam launch *Prudence* and \$53,126.56 on account of shortage of limestone at Hok Un and Macao and providing for the statutory depreciation on the Company's buildings, machinery, launches, lighters, etc. the net profit including the sum brought forward from the previous year amounted to \$123,064.53, which it was recommended should be applied as follows:—

To the writing off from bad and doubtful assets of previous years, as follows:—

| | |
|--|-----------|
| Patent Rights for Clay drying process | \$ 918.97 |
| The Century Stone Plant— | |
| Shanghai | 4,292.98 |
| The Concrete Block Equipment—Hok Un | 6,788.44 |
| Bruce, Peebles & Co., Ltd. | 3,924.93 |
| Account against the late Compadore | 2,288.55 |
| Canton Property Account | 41,905.05 |
| Claim on Tsang King | 7,126.98 |

\$67,245.90

leaving a balance of \$55,818.63 to be carried forward to the credit of next year's account.

Inawashiro Water Power Co.—The Inawashiro (Japan) Water Power Company has declared a dividend of 5 per cent. for the latter half of the year ending March 31.

Japan Leather Co.—The Japan Leather Company has declared a dividend of 7 per cent. per annum.

China Import and Export Lumber Co., Ltd.—The report for the financial year ended February 28 showed that the balance at credit of profit and loss account available for distribution was Tls. 51,555.71 which it was recommended should be appropriated as follows:—

| | |
|--|----------------|
| Pay a dividend of 8 per cent., absorbing | Tls. 32,000.00 |
| Transfer to equalization of dividend fund | 15,000.00 |
| and carry forward to new account | 4,555.71 |
| | Tls. 51,555.71 |

Japan Fishery Company.—At the sixth general meeting of the shareholders of the Japan Fishery Company the following accounts were passed:—

| | Yen |
|---|------------|
| Profit | 1,076.210 |
| Account brought over from the preceding term | 12,844.650 |
| Total | 13,920.860 |

The Hongkong Electric Co., Ltd.—The report of the Board of Directors states that for the year ending 28th February, 1913, the balance at credit of profit and loss account was \$273,099.08, and after deducting directors' fees (\$3,000) there remained a sum of \$270,099.08 available for appropriation, which the directors recommended should be disposed of as follows:—

| | |
|--|--------------|
| To pay a Dividend of 16 per cent. :— | |
| Say, \$1.60 per share on 60,000 shares | \$ 96,000.00 |
| To place to Reserve | 30,000.00 |
| To write off Plant Account for depreciation | 106,675.01 |
| To write off Property Account for depreciation | 16,218.71 |
| To write off Furniture Account for depreciation | 133.50 |
| To pay a Bonus to Staff | 5,126.02 |
| To carry forward to next Account | 15,945.84 |
| | \$270,099.08 |

Iloilo Dock and Lumber Co.—The Iloilo Dock and Lumber Co. has been organized for the purpose of building and operating dry-docks and marine railways, and engaging in saw and general lumber milling, with headquarters at Iloilo. Articles of incorporation for the new enterprise have been filed.

The company has a capital of P.150,000, divided into 1,500 shares at a par value of P.100 each. The entire capital stock has already been paid in.

Sugar Companies to Amalgamate.—The Meiji Sugar Refining Company, at its general meeting of shareholders, decided to amalgamate with the Chuwo Sugar Refining Company.

Nippon Spinning Company.—The Nippon Yuan Spinning Company at its semi-annual general meeting was to declare a dividend of 15 per cent.

Meiji Fire Insurance.—The Meiji Fire Insurance has held its semi-annual general meeting, at which a dividend of 20 per cent. was adopted.

Tokyo Steel Co.—The Tokyo Steel Company has increased its capital to 3,000,000 yen from the former 1,500,000 yen, with a view to expanding its business.

Korea Industrial Co.—The Korea Industrial Company at its general meeting of shareholders, decided to increase its capital by 1,500,000 yen and adopted a dividend of 7 per cent. per annum.

Canton Insurance Office, Ltd.—The statement of the affairs made up to 31st December, 1912, states that it has been decided to abandon the system, hitherto in force, of closing the working account after eighteen months' working, and in future to keep it open for twenty-four months. The working account for the year 1912 would therefore be kept open until the 31st December, 1913.

Future annual meetings would be held as near to the end of April as possible.

1912 Account.—The amount standing to the credit of this account was \$1,545,432.06.

Out of this the general agents and consulting committee declared an interim dividend of \$18 per share, absorbing \$180,000. The remainder of \$1,365,432.06 was carried forward to be dealt with at the next ordinary meeting.

Nisshin Steamship Co.—At a general meeting of the Nisshin (Japan and China) steamship company a dividend of eight per cent. will be declared.

Manila Hotel Co.—The Manila Hotel Company was been authorized to increase its capital stock from P.400,000 to P.500,000, and to raise its bonded indebtedness from P.800,000 to a million pesos.

New Philippines Incorporations.—"La Basconia" a new corporation recently organized in Iloilo for the purpose of engaging in the sugar industry, starts with a capital of P.400,000, divided into 400 shares at a par value of P.1,000 each. Of this amount P.134,000 has been subscribed and paid up.

The following have been incorporated:—The Massachusetts Plantation Co., the Philippine Abaca Co. and the Manobo Coconut Co. All four companies will have headquarters in Manila. The Massachusetts Plantation Co. will engage in general plantation development. The Philippine Abaca Co. will devote itself principally to the abaca industry, and the Manobo Coconut Co. will engage principally in coconut planting. Each company has a capital stock of P.50,000 divided into 500 shares at P.100 each, and in the case of each corporation P.10,000 has been subscribed and P.2,500 paid up.

Hotel de France, Manila.—The hotel made a profit for the year ended December 31, 1912 of P27,776.57. A dividend of 9 per cent., absorbing P9,000 was declared; P14,344 placed to depreciation; P3,700 added to bad debt reserve fund and P642.57 carried forward.

Antung Saw Mill Co.—The Antung Saw Mill Co. during last year made a total profit of Y.7,483, which was distributed as follows:—

| | |
|--|--------------|
| Legal reserve | Y 500 |
| Special reserve | 1,500 |
| Depreciation fund for buildings, furniture, etc. | 1,000 |
| Initial expenses | 1,000 |
| Bonus to officers | 500 |
| Carried forward to next term | 2,983 |
| Total.. .. . | 7,483 |

Hall and Holtz, Limited (Shanghai).—The Report of the Directors for the year ended February 28, 1913 states that the profit for the year, including \$12,858.32 brought forward from last year, amounts to \$68,475.11, which the Directors recommended should be disposed of as follows:—A Dividend of \$2.00 per share

| | |
|--------------------------------------|--------------------|
| (10%) | \$52,676.00 |
| Carry forward to new account | 15,799.11 |
| | \$68,475.11 |

Siam Steam Packet Co., Ltd.—The report for the year ended December 31, 1912 stated that the profits amounted to Ticals 20,102.34. To this had to be added Ticals 1,630.97 brought forward from last year, making a total of Ticals 21,733.31. From this sum the Directors wrote off Ticals 21,157.61 as Depreciation on Launches and Property and carried the balance of Ticals 575.70 forward to 1913.

Bangkok Dock Co.—The report for the year ended December 31, 1912 stated that, after paying interest on Debentures, making provision for all bad debts, writing off Ticals 33,184.80 as depreciation on the company's property and plant, the nett profit amounted to Ticals 84,113.38. To this had to be added amount brought forward from last year Ticals 2,635.61, which made a sum of Ticals 86,748.99 available for distribution, which it was proposed to allot as follows:—

| | |
|--|-------------------------|
| Transfer to Dividend Account 7 per cent. | Ticals 70,000.00 |
| Remuneration to Directors | 7,150.00 |
| Bonus to Staff | 5,000.00 |
| Carry forward to 1913 | 4,598.19 |
| | Ticals 86,748.99 |

PERSONAL

Mons. Ardain, the director of the Bank de d'Indo-Chine at Shanghai, has gone to France on leave.

H.E. Mons. M. Batalha de Freitas, the new Portuguese minister to Peking, arrived at the Chinese capital in May.

The new British *Chargé d'Affaires* Mr. F. Beilby Ashton, has arrived at Peking from London, and was to take over charge of the British Legation on June 6th, when H.E. Sir John Jordan was to go home on leave.

Herr Rump, the recently appointed chief auditor of the Chinese Government for the new Loan expenditure, has taken up his residence at Peking.

Mr. Tetsutaro Aoki, who has been the Japanese commercial agent abroad, has been nominated a director in the Industrial Bank of Japan, succeeding Mr. Jutaro Iwai, who resigned.

Mr. A. R. Linton, manager of the Mercantile Bank at Singapore, has been appointed to Hongkong to fill the place of Mr. F. C. Macdonald, who is going to Ceylon.

The Hon. Mr. C. H. Ross, who succeeded Mr. Henry Keswick about three years ago as head of the firm of Messrs. Jardine, Matheson & Co., Ltd., in China, left for Home on May 6th, and will henceforth remain at the firm's London office. Mr. David Landale has assumed charge at Hongkong for Messrs. Jardine, Matheson and Company, Ltd.

Dr. Seijiro Hirai, Vice-President of the Imperial Japanese Railway Board, has been appointed an adviser to the Chinese Board of Communications.

The King of Spain has decorated Mr. S. Kunisawa, Vice-President of the South Manchuria Railway and Dr. Uyeda, private secretary to the President, in appreciation of the courtesies offered by them to H. R. H. Prince Don Alphonso de Orleans Bourbon when His Royal Highness travelled through South Manchuria last summer.

It is reported that President Wilson has selected as American Ambassador at Tokyo, Mr. George W. Guthrie. Mr. Guthrie is a Pittsburg man, being born in that city in 1848, and is a graduate of the Pittsburg University. He is a lawyer by profession, and, of course a Democrat in politics. He was a delegate to the Democratic National Convention in 1904, and later became Mayor of his native city, during his holding of which office he achieved some fame as a drastic reformer. Mrs. Guthrie was formerly Miss Florence J. Howe, also of Pittsburg.

Last year Mr. Yamada Boku, a director of the Nippon Cotton Company, of Osaka, Japan was appointed a broker on the New York Cotton Exchange, on behalf of his company. Mr. Seko Konosuke, manager of the New York branch of the Mitsui Bussan, has also been appointed a broker on the exchange, on behalf of his firm.

Mr. J. W. Burtwell, manager of Dodwell & Co., at Hankow, has gone to England on furlough. Mr. Burtwell acted as adjutant to the British Volunteer Corps for some time. During his absence Mr. G. G. Franklin will carry out the duties.

M. A. J. Pernotte, manager of the Tientsin branch of the Banque de l'Indo-Chine, has gone to Peking to take up the post of manager of the new Franco-Chinese Bank.

At St. John's Cathedral, Hongkong, the marriage was solemnized of Major Austen Morgan Rotheram, and Miss Violet Montague Ede, only daughter of the Hon. Mr. C. Montague, and Mrs. Ede of Hongkong.

Several changes have been made recently in the Customs staffs at river ports. Mr. A. H. Wilzer, Commissioner at Ichang, has been transferred to the Inspectorate at Peking; Mr. A. W. Cros of the Shanghai staff, goes to Ichang as Commissioner, and Mr. Wade leaves Kirin to be Acting Commissioner at Changsha.

Mr. J. A. Harmsen and Mr. F. H. Bugbird have been elected Chairman and Vice-Chairman respectively of the Yokohama Foreign Board of Trade

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